

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)

of)

WAI'OLA O MOLOKA'I, INC.)

For review and approval of rate)
increases; revised rate schedules; and)
revised rules.)

) Docket No. 2009-0049

WAI'OLA O MOLOKA'I, INC.'S AMENDED APPLICATION

EXHIBITS WOM 1 THROUGH WOM 11

EXHIBIT WOM-T-100

ATTACHMENT 1

VERIFICATION

and

CERTIFICATE OF SERVICE

MORIHARA LAU & FONG LLP

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PUBLIC UTILITIES
COMMISSION

2009 JUN 29 P 4:17

FILED

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AMENDED APPLICATION

WAI'OLA O MOLOKA'I, INC., a Hawaii corporation ("WOM" or "Applicant"), pursuant to Hawaii Revised Statutes ("HRS") § 269-16, as amended, Hawaii Administrative Rules ("HAR") Title 6, Chapter 61, Ordering Paragraph 8 (Part III, subpart 8) of the Hawaii Public Utilities Commission's ("Commission") Order Approving Temporary Rate Relief for Molokai Public Utilities, Inc. ("MPU") and WOM issued in Docket No. 2008-0115 on August 14, 2008 ("Temporary Rate Order"), and Ordering Paragraph 3 (Part III, subpart 3) of the Order Denying WOM's Request to Submit its Unaudited Financial Statement in Lieu of Audited Financial Statements, issued in the above docket on April 2, 2009 ("April 2, 2009 Order"), hereby submits this Amended Application ("Amended Application") requesting that the Commission:

1. Determine this Amended Application to be complete, pursuant to HRS § 269-16(f), as amended, and HAR § 6-61-88;

2. Conduct a public hearing on the island of Molokai to consider this Amended Application in accordance with HRS § 269-12, HRS § 269-16, and HAR § 6-61-30;

3. Find that Applicant's present rates and charges for its water customers are unjust and unreasonable and will not allow Applicant to recover all of its reasonably incurred expenses nor allow Applicant to earn a return on its prudently incurred investments in utility property;

4. Approve, pursuant to HRS § 269-16, the proposed increase in Applicant's rates and charges as set forth in Exhibit WOM 5, and authorize Applicant to put into effect the proposed rates and charges after the date of authorization by the Commission;

5. Conduct this proceeding via the expedited 6-month process for review of small public utilities, pursuant to HRS § 269-16(f), as amended, and complete its deliberations and issue a proposed decision and order within six (6) months following the filing of a completed application, pursuant to HRS § 269-16(f)(3), as amended;

6. Approve the proposed request to establish an Automatic Power Cost Adjustment Clause as proposed by Applicant in this proceeding;

7. Approve the proposed amendment to Rule 20 of Applicant's Rules and Regulations (hereinafter referred to collectively as either "Tariff" or "Rules and Regulations") to increase its reconnection fee to \$100.00; and

8. Grant such other relief as may be just and reasonable under the circumstances.

In support of this Amended Application, Applicant provides the following information:

I.

COMMUNICATIONS REGARDING THIS AMENDED APPLICATION

All pleadings, correspondence and communications regarding this Amended Application should be addressed as follows:

MR. PETER A. NICHOLAS
Wai'ola O Moloka'i, Inc.
c/o Molokai Properties Limited
119 Merchant Street, Suite 408
Honolulu, Hawaii 96813

Copies of all pleadings, correspondence and communications regarding this Amended Application should also be sent to Applicant's counsel as follows:

MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.
SANDRA L. WILHIDE, ESQ.
Moriwara Lau & Fong LLP
841 Bishop Street
Suite 400
Honolulu, Hawaii 96813

II.

DESCRIPTION AND BACKGROUND OF APPLICANT

WOM is a Hawaii corporation whose business address is 119 Merchant Street Mall, Suite 408, Honolulu, Hawaii 96813.¹ WOM is a public utility authorized to provide

¹ WOM is one of three affiliated entities under common ownership by Molokai Properties Limited ("MPL"). The other two entities are MPU and MOSCO, Inc. ("Mosco"). WOM, MPU, and Mosco are hereinafter sometimes collectively referred to as "Utilities."

water utility services to residential, commercial and agricultural customers, pursuant to Decision and Order No. 12125, filed on January 13, 1993, in Docket No. 7122.

WOM currently provides water utility service to businesses, residences, churches and Maui County parks located in Maunaloa, Kualapuu, Kipu, Manawainui, and the Molokai Industrial Park areas on the island of Molokai. A map of Applicant's existing service territory is found in Exhibit A of its Rules and Regulations. Additional information relating to Applicant's water utility service is further described in the testimony of Applicant's consultant, Mr. Robert L. O'Brien. See Exhibit WOM-T-100; see also Exhibit WOM 1.

Applicant provides service to its customers at current base rates, other than its water consumption rate, approved by the Commission pursuant to Decision and Order No. 12125, issued on July 13, 1993 in Docket No. 7122. Applicant's current water consumption rate was approved by the Commission as a temporary rate effective as of September 1, 2009, pursuant to the Temporary Rate Order, issued on August 14, 2008, in Docket No. 2008-0115.²

² When MPL announced in March 2008 that it would cease all current business operations on Molokai, it informed the Commission that MPL would no longer be able to subsidize WOM and MPU, both of which had incurred substantial losses in 2007. Although the Utilities had hoped that a third party would be interested in taking over the Utilities, none was immediately forthcoming. To address the Utilities' financial inability to continue utility services, the Commission initiated, sua sponte, a proceeding to provide temporary rate relief to the Utilities. See Order Instituting a Proceeding to Provide Temporary Rate Relief to Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc., and MOSCO, Inc., issued June 16, 2008 in Docket No. 2008-0115.

As a result of the proceeding, the Commission issued the Temporary Rate Order, which, among other things, approved temporary rate increases for WOM and MPU's water consumption charges. Pursuant to Ordering Paragraph 1 (Part III, subpart I) of the Temporary Rate Order, the Commission approved a temporary rate increase for WOM from \$1.85 per 1,000 gallons to \$5.15 per 1,000 gallons. Further, the Commission ordered that the temporary rate increases be effective from September 1, 2008 for a period of six months, terminating on February 28, 2009. See Temporary Rate Order at 19. Within this six-month period, the Commission anticipated that either a third-party would be found to take over the Utilities' systems or that the Utilities would file an application(s) for a general rate increase. See id. at 20. To date, a third-party successor to the Utilities' systems has not been found.

III.

PROCEDURAL BACKGROUND

On March 2, 2009, Applicant filed its initial application ("Original Application") in this docket seeking the same requests for relief from the Commission as set forth in this Amended Application (with the exception of the request for waiver of the audited financial statement requirement filed in the Original Application).³

Pursuant to the April 2, 2009 Order, the Commission denied WOM's request to submit its unaudited financial statements in lieu of the audited financial statements required by HAR § 6-61-75(b), and dismissed WOM's Original Application, without prejudice, as incomplete.⁴ The Commission found that, "[u]nder the circumstances . . . completion and submission of audited financial statements is just, reasonable, and consistent with the public interest and the underlying intent of HAR § 6-61-75(b)."⁵

On October 29, 2008, the Utilities jointly filed a Motion to Extend Order Approving Temporary Rate Relief ("Motion") in Docket No. 2008-0115, requesting that the temporary rate increases for WOM and MPU be extended from February 28, 2009 for an additional six months, or such time as may be necessary for the Utilities to obtain Commission approval of general rate increase application(s). The Commission granted the Utilities' Motion on February 24, 2009, and in Ordering Paragraph 2 (Part III, subpart 2) ordered that "the temporary rates approved in the Temporary Rate Order shall be extended until August 2009, or until the [C]ommission rules on the general rate case applications to be filed by the Utilities." Order Approving Extension at 7.

³ Pursuant to Ordering Paragraph 8 (Part III, subpart 8) of the Temporary Rate Order, the Commission directed WOM and MPU to file an application or applications for a general rate increase within six months of the date of the Temporary Rate Order, if a third party is not found to take over the Utilities (as that term is defined in the Temporary Rate Order and supra in footnote 1). Because the Temporary Rate Order was dated August 14, 2008, the six-month period ended on February 17, 2009. On February 12, 2009, before expiration of the six-month period, WOM and MPU jointly filed a letter with the Commission requesting an extension of the February 17, 2009 deadline to March 2, 2009. By its Order Approving Extension of Temporary Rate Relief and Request for an Extension to File General Rate Case Applications ("Order Approving Extension"), filed February 28, 2009 in Docket No. 2008-0115, the Commission granted the joint request and approved an extension of the six-month period until March 2, 2009. Accordingly, Applicant's Original Application was timely filed.

⁴ See April 2, 2009 Order at 8, 10.

⁵ See id.

Accordingly, the Commission denied the Original Application, without prejudice, as incomplete, and directed WOM to re-file an amended application supported by audited financial statements as soon as reasonably possible.⁶ In so ruling, the Commission ordered, pursuant to Ordering Paragraph 3 (Part III, subpart 3), that "[u]ntil the amended application is filed, WOM shall file monthly status reports that describe the status of its efforts to comply with the [C]ommission's requirement of completing and submitting audited financial statements. The first monthly status report shall be due on May 1, 2009, with subsequent reports due on the first business day of each month thereafter."⁷ Lastly, pursuant to Ordering Paragraph 4 (Part III, subpart 4), the Commission ordered that, "WOM's amended application, to be filed in this proceeding, shall reflect any proposed rate increases from its permanent rates approved by the [C]ommission in Docket No. 02-0371, WOM's last rate case proceeding."⁸

Accordingly, Applicant is submitting this Amended Application, which is supported by audited financial statements and all other requisite exhibits and schedules. This Amended Application hereby amends and supersedes the Original Application filed on March 2, 2009, in its entirety.

⁶ See id.

⁷ See id. Applicant filed monthly status reports, dated May 4, 2009 and June 1, 2009, describing the status of its efforts to comply with Commission's requirements.

⁸ See id.

IV.

BACKGROUND AND DESCRIPTION OF RATE RELIEF REQUESTED

A. Rate Relief Requested

In accordance with HAR § 6-61-88(3), Applicant seeks the review and approval of the Commission for a July 1, 2009 through June 30, 2010 test year ("2009-2010 test year") net revenue increase of \$473,431. See Exhibit WOM 6 (line 7, column 2). This amounts to an approximate 382.85% increase from the pro forma revenue amount of \$123,660 at present rates for the 2009-2010 test year, as shown on Exhibit WOM 6 (line 7, column 1) attached hereto and as further described in Mr. O'Brien's testimony (see Exhibit WOM-T-100). If approved, the proposed revenue increase will provide Applicant with an approximately 2.0% rate of return on its prudently installed plant and on its prudently incurred system improvements, as shown on Exhibit WOM 6 (line 33, column 3).⁹

B. Justification for Rate Relief Requested

Applicant's current rates do not now and will not in the foreseeable future produce sufficient revenues to allow it to recover its prudently incurred expenses and earn a fair return on its prudently incurred investments. At present rates, Applicant projects a 2009-2010 test year net operating loss of \$251,040 and a negative 18.08% rate of return on an average rate base of \$1,388,837. See Exhibits WOM 6 and

⁹ Based on the temporary rates authorized in the Temporary Rate Order, Applicant's proposed net revenue increase amounts to \$308,431, which is an approximate 106.96% increase from the pro forma revenue amount of \$288,360 at the temporary rate for the 2009-2010 test year, as shown on Exhibit WOM 11 (line 16, column 9). See also the testimony of Mr. O'Brien (Exhibit WOM-T-100 at pages 29-30) for a further discussion of the difference between the revenues resulting from the present permanent rates and the temporary rates.

WOM 9. The instant rate case is designed to eliminate these current ongoing losses and to allow Applicant to earn a small return on its prudently incurred investments in utility assets providing service to its customers. As described in Mr. O'Brien's testimony (Exhibit WOM-T-100), Applicant has based its revenue increase request on a rate of return of 2.0% in recognition of the impact of a fair return on its investment on its customers at this time. Moreover, to minimize the "rate shock" to customers from the proposed increase, Applicant is proposing a two stage phase-in of the new rates and charges.

As further described in Mr. O'Brien's testimony (Exhibit WOM-T-100), through this Amended Application, Applicant is seeking to: (1) increase its rates and charges for its water service; (2) establish an Automatic Power Cost Adjustment Clause ("APCAC"), which permits adjustment for electric costs during the year; and (3) amend Rule 20 of its Rules and Regulations to increase its reconnection charge.

V.

FILING AND NOTICE OF INTENT REQUIREMENTS

In In re Kaupulehu Water Company, Docket No. 05-0124, Order No. 21906 (July 1, 2005) ("Order No. 21906"), the Commission declared that "HRS § 269-16(f) and HAR § 6-61-88 apply to public utilities that have *annual* gross revenues of less than \$2 million, rather than on a public utility's *pro forma* or proposed revenues stated in its general rate case application." See Order No. 21906 at 9 (emphasis in original). In this Amended Application, WOM's audited financial statements (Exhibit WOM 2, Schedule 4) for the year ending December 31, 2008 set forth WOM's annual gross revenues for

2008, which is the most recent calendar year upon which to calculate WOM's annual gross revenues. WOM's audited financial statements indicate that WOM's annual gross revenues for the year ending December 31, 2008 was \$164,626 (Exhibit WOM 2, Schedule 4, page 3, line 1, column 1), which is approximately \$1.35 million below the \$2 million threshold set forth in HRS § 269-16(f), as amended, and HAR Chapter 61, Subchapter 8. Thus, the filing requirements of HAR § 6-61-88 (i.e., utilities with annual gross revenues of less than \$2 million) apply to this Amended Application, and no notice of intent is required to be filed, pursuant to HAR § 6-61-85(a).

VI.

PRESENT AND PROPOSED RATES AND CHARGES

As more fully described in Exhibits WOM 4, WOM 5, and WOM 6 of this Amended Application, if Applicant's request for a rate increase is approved, the following rates and charges would increase as follows and would generate an additional \$473,431 in annual revenues, pro forma for the test year ended June 30, 2010. In recognition that the proposed increases in these rates and charges could result in "rate shock" to certain classes of customers, Applicant proposes a two stage phase-in of the proposed increases to its rates and charges to mitigate or reduce any potential "rate shock" to its customers.

Pursuant to HAR § 6-61-88, the following is a comparison of the present rates and charges to Applicant's customers, and the proposed rates and charges to be applied as part of the two stage phase-in implementation process:

	Present Rate/Charge	Temporary Rate/Charge*	Phase I Proposed Rate/Charge	Phase II Proposed Rate/Charge	Total Percent Increase
User Charge per 1000 gallons	\$ 1.85	\$ 5.15	\$ 6.6549	\$ 8.9675	384.7%
Deposit	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	0%
Service Charge – Meter Reading					
5/8"+	\$ 5.00	\$ 5.00	\$ 18.00	\$ 24.00	380.0%
3/4"	\$ 5.00	\$ 5.00	\$ 18.00	\$ 24.00	380.0%
1"	\$ 10.00	\$ 10.00	\$ 36.00	\$ 48.00	380.0%
1-1/2"	\$ 10.00	\$ 10.00	\$ 36.00	\$ 48.00	380.0%
2"	\$ 25.00	\$ 25.00	\$ 90.00	\$ 121.00	384.0%
3"	\$ 50.00	\$ 50.00	\$ 180.00	\$ 242.00	384.0%
4"	\$ 75.00	\$ 75.00	\$ 270.00	\$ 363.00	384.0%
6"	\$ 150.00	\$ 150.00	\$ 540.00	\$ 726.00	384.0%
8"	\$ 250.00	\$ 250.00	\$ 895.00	\$ 1207.00	382.8%
Tap-in-Charge per connection:					
Single Family Unit	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	0%
Multi Family Unit	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	0%
Commercial – meter size					
5/8"	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	0%
3/4"	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	0%
1"	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	0%
1-1/2"	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	0%
2"	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	0%
3"	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	0%
4"	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	0%
6"	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00	0%
8"	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	0%
Agriculture – meter size					
5/8"	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	0%
3/4"	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	0%
1"	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	0%
1-1/2"	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	0%
2"	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	0%
3"	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	0%
4"	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	0%
6"	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	0%
8"	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00	0%
Private Fire Protection Charges					
Per Hydrant	\$ 3.50	\$ 3.50	\$ 12.60	\$ 16.80	380.0%
Per Standpipe	\$ 2.50	\$ 2.50	\$ 9.00	\$ 12.00	380.0%
Others: Per in diameter of feeder main	\$ 2.50	\$ 2.50	\$ 9.00	\$ 12.00	380.0%
Reconnection Charge	\$ 50.00	\$ 50.00	\$ 100.00	\$ 100.00	100%
Inspection Charge	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	0%
Late Charge	1% per month	1% per month	1% per month	1% per month	0%
Dishonored Check Fee	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	0%
Penalty	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	0%

* As discussed more fully in footnote 3, pursuant to the Temporary Rate Order and the Order Approving Extension, the consumption charge of \$1.85 per 1,000 gallons was temporarily increased to \$5.15 per 1,000 gallons.

As noted above, Applicant is proposing a two stage phase-in implementation of the proposed increase of its rates and charges in order to mitigate or reduce the impact of the increased rates and charges on its customers. If approved by the Commission, Phase I is proposed to go into effect upon the issuance of the Commission's order approving the proposed increased rates and charges ("Phase I Effective Date"), and Phase II is proposed to go into effect six months after the Phase I Effective Date. This phase-in process delays the start of full revenue recovery by approximately six months for Applicant if the Commission approves the new, proposed revenue requirements requested by Applicant. Details of the proposed phased implementation noted above are also described and illustrated in Exhibits WOM 5 and WOM-T-100 of this Amended Application.

VII.

PROPOSED AUTOMATIC POWER COST ADJUSTMENT CLAUSE

Applicant also hereby requests that it be authorized to establish an Automatic Power Cost Adjustment Clause (APCAC), which will allow Applicant to increase or decrease the rates it charges for water service based on any corresponding increase or decrease in the electricity cost charged to Applicant by Maui Electric Company, Ltd., in relation to the base cost of electricity established in this proceeding. The proposed APCAC formula is further described in the testimony of Mr. O'Brien (see Exhibit WOM-T-100, page 35) and is proposed as follows:

$$((\text{Current Month Electric Costs} / \text{Current Month total metered TG}) - \$0.2131) \times 1.068205 = \text{Rate per TG for each customer's current month bill}$$

TG = Thousand Gallons

Applicant notes that its proposed APCAC is consistent with other power cost adjustment clauses recently established by other small water and wastewater utilities and previously approved by the Commission. See, e.g., In re Kukio Utility Co., LLC, Docket No. 2007-0198, Decision and Order No. 24016, filed on February 6, 2008 (adopting Proposed Decision and Order No. 23975, filed on January 18, 2008); In re Laie Water Co., Inc., Docket No. 2006-0502, Decision and Order No. 23554, filed on July 20, 2007 (adopting Proposed Decision and Order No. 23522, filed on June 29, 2007); and In re Puhi Sewer & Water Co., Inc., Docket No. 2006-0423, Decision and Order No. 23412, filed on May 3, 2007 (adopting Proposed Decision and Order No. 23376, filed on April 20, 2007) ("In re Puhi"). Further, similar to prior Commission rulings in establishing power cost adjustment clauses for small water and wastewater utilities, Applicant contends that the requirements set forth under Act 162, 2006 Session Laws of Hawaii (as codified as HRS § 269-16(g)) relating to automatic fuel rate adjustment clauses are not applicable for purposes of obtaining Commission approval to establish an APCAC in this proceeding. See In re Puhi.

VIII.

PROPOSED TARIFF CHANGE

Finally, Applicant hereby requests that it be authorized to amend Rule 20 of its Rules and Regulations to increase its reconnection fee from \$50.00 to \$100.00 to account for higher costs, as well as the labor and effort incurred in reconnecting a customer's water service. The proposed amendment is further described in the testimony of Mr. O'Brien. See Exhibit WOM-T-100. A copy of the proposed

amendment or replacement Tariff, marked (or "black-lined") to show changes to the language of the existing tariff, is attached hereto as Attachment 1.

IX.

FINANCIAL INFORMATION

In accordance with HAR §§ 6-61-86 and 6-61-88¹⁰ and consistent with the Commission's standard form application guidelines,¹¹ Applicant hereby files and incorporates by reference the following exhibits:

Exhibit WOM 1 General Description of Applicant's Property, Plant and Equipment.

Exhibit WOM 2 Financial Statements.

Schedules

- (1) Stock Authorized and Outstanding.
- (2) Year-End Common Stock Outstanding (2004 - 2008).
- (3) Description of Security Agreements, Mortgages, and Deeds of Trust (None).
- (4) Audited Financial Statements (12 months ending December 31, 2008).
- (5) Unaudited Financial Statements (11 months ending May 31, 2009)
- (6) Description of Promissory Notes, Bonds and Other Indebtedness (None).

Exhibit WOM 3 Applicant's Plant and Accumulated Depreciation.

¹⁰ As previously discussed, because Applicant has annual gross revenues of less than \$2,000,000, the requirements set forth in HAR § 6-61-88 are applicable to this Application.

¹¹ See Commission's letter regarding "Form Application for Rate Increases by Small Utilities," dated October 29, 2007.

Exhibit WOM 4	Present Rate Schedule.
Exhibit WOM 5	Proposed Rate Schedule.
Exhibit WOM 6	Rate of Return Summary at Present and Proposed Rates Pro Forma for the Test Year Ended June 30, 2010.
	Exhibit WOM 6.1 Revenue Requirements Support.
Exhibit WOM 7	Income Tax Expense for Test Year Ended June 30, 2010, Recorded at Present Rates and Pro Forma at Proposed Rates.
Exhibit WOM 8	Taxes Other Than Income Taxes for Test Year Ended June 30, 2010, Recorded at Present Rates and Pro Forma at Proposed Rates.
Exhibit WOM 9	Average Rate Base 2009-2010 Test Year.
	Exhibit WOM 9.1 Pro Forma Rate Base Support.
	Exhibit WOM 9.2 Plant In Service.
	Exhibit WOM 9.3 Accumulated Depreciation.
	Exhibit WOM 9.4 Depreciation Expense (Book).
	Exhibit WOM 9.5 Customer Deposits.
	Exhibit WOM 9.6 Accumulated Deferred Income Taxes.
	Exhibit WOM 9.7 Hawaii Capital Goods Excise Tax Credit (HCGETC).
	Exhibit WOM 9.8 Working Cash.
Exhibit WOM 10	Pro Forma Historical Summary.
	Exhibit WOM 10.1 Labor, Payroll Taxes & Benefits.
	Exhibit WOM 10.2 Fuel & Power Expense.
	Exhibit WOM 10.3 Cost of Sales.
	Exhibit WOM 10.4 Treatment Charges & Chemicals.
	Exhibit WOM 10.5 Materials & Supplies.
	Exhibit WOM 10.6 Affiliated Charges.
	Exhibit WOM 10.7 Professional & Outside Services.
	Exhibit WOM 10.8 Repairs & Maintenance.
	Exhibit WOM 10.9 Rents.
	Exhibit WOM 10.10 Insurance.
	Exhibit WOM 10.11 Regulatory Expense.
	Exhibit WOM 10.12 General & Administrative Expense.

Exhibit WOM 11 Pro Forma Revenue Summary.

Exhibit WOM 11.1 Customer Usage and Revenue Summary.

Exhibit WOM 11.2 Customer Usage and Revenue.

Exhibit WOM 11.3 Revenue Phase In Rates.

Exhibit WOM-T-100 Testimony of Robert L. O'Brien.

Attachment 1 Proposed Revisions to Rules & Regulations.

Workpapers

X.

CONCLUSION

Applicant respectfully prays as follows:

1. That this Amended Application be deemed a completed Application under HRS § 269-16(f) and HAR § 6-61-88;
2. That a public hearing be conducted on the island of Molokai to consider this Amended Application, all in accordance with HRS § 269-12, HRS § 269-16, and HAR § 6-61-30;
3. That the Commission find that Applicant's present rates and charges for its customers are unjust and unreasonable and will not allow Applicant to recover all of its reasonably incurred expenses nor allow Applicant to earn a fair return on its prudently incurred investments in utility property;
4. That the Commission approve, pursuant to HRS § 269-16, the proposed increase in Applicant's rates and charges as set forth above and in Exhibit WOM 5 of this Amended Application, and authorize Applicant to put into effect the proposed rates and charges after the date of authorization by the Commission;

5. That the Commission conduct this proceeding pursuant to HRS § 269-16 (f), as amended, and complete its deliberations and issue a proposed decision and order within six (6) months following the filing of a completed application;
6. That the Commission approve the establishment of the APCAC as proposed by Applicant in this proceeding;
7. That the Commission approve the proposed amendment to Rule 20 of Applicant's Rules and Regulations to increase its reconnection fee; and
8. That the Commission grant such other and further relief, including any interim rate increase, as may be just and equitable.

DATED: Honolulu, Hawaii: June 29, 2009.



MICHAEL H. LAU
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WAI'OLA O MOLOKA'I, INC.

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 1

PROPERTY, PLANT AND EQUIPMENT

(2 Pages)

Wai'ola O Moloka'i
Property, Plant and Equipment

Wai'ola O Moloka'i ("WOM" or "Company"), is a wholly owned subsidiary of Molokai Properties, Limited, a Hawaii corporation. The Company was incorporated in 1981 under the laws of the State of Hawaii and provides water utility services to commercial, residential condominiums and single-family homes. The Company currently has approximately 550 active customers, measured by monthly meter charges plus an additional 13 unoccupied lots which represent potential customers.

System

As of December 31, 2008, the Company had approximately \$3.6 million dollars of utility plant consisting of distribution systems, transmission facilities, reservoirs, meters and other equipment necessary to deliver water to its customers. Water is collected in several Mountain reservoirs and delivered to the Puunana Raw Water Reservoirs through a metered connection where it is blended with Well 17 water and delivered to the MPU Treatment facilities. Water from the Mountain reservoirs is delivered to Agricultural use customers through a metered connection between the Mountain reservoirs and the Puunana Raw Water Reservoir. Water is treated and delivered through a Clear-Water holding facility to the Maunaloa Reservoir. In addition to the above facilities, WOM customers in Kipu receive water provided by the Department of Hawaiian Homelands.

Property, Plant and Equipment

Cubic Utility Billing System	\$ 8,578
Utility Data System	11,958
Kalae Kualapuu Ag Line	8,776
4" Line from Kualapuu Reservoir to Kipu	141,908
Maunaloa Reservoir (2.2 MG)	588,347
Kualapuu Reservoir (.23 MG)	219,944
Water Meters	61,158
Maunaloa Village Water System	2,091,948
Water Transmission System to Kualapuu	110,800
Kipu System Improvements	33,571
Kualapuu Water Tie & Booster	77,374
Maunaloa 12" Water Main	247,636

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 2
SCHEDULE 1

STOCK AUTHORIZED AND OUTSTANDING

(1 Page)

Wai'ola O Moloka'i

Stock Authorized and Outstanding

December 31, 2008

<u>Description</u>	<u># of Shares Authorized</u>	<u># of Shares Issued</u>	<u>PAR Value Per Share</u>	<u>Total PAR Value</u>
Preferred Stock	None	None	N/A	N/A
Common Stock	1,000	1,000	\$1.00	\$1,000

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 2

SCHEDULE 2

COMMON STOCK OUTSTANDING

(1 Page)

Wai'ola O Moloka'i
Common Stock Outstanding
Year End Common Stock Outstanding

<u>Year</u>	<u>Owner</u>	<u>Number of Shares Owned</u>
2004	Molokai Properties Limited	1,000
2005	Molokai Properties Limited	1,000
2006	Molokai Properties Limited	1,000
2007	Molokai Properties Limited	1,000
2008	Molokai Properties Limited	1,000

[a] WOM is a wholly owned subsidiary of Kaluakoi Water, LLC, which is a wholly owned subsidiary of Kaluakoi Land, LLC, which is a wholly owned subsidiary of Molokai Properties, Limited.

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 2
SCHEDULE 3

SECURITY AGREEMENTS, MORTGAGES
AND DEEDS OF TRUST

(1 Page)

Wai'ola O Moloka'i

Security Agreements, Mortgages and Deeds of Trust

NONE

DOCKET NO. 2009-0049
WAI'OLA O MOLOKA'I, INC

EXHIBIT WOM 2
SCHEDULE 4

AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

(10 Pages)



WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Financial Statements

December 31, 2008

(With Independent Auditors' Report Thereon)



KPMG LLP
PO Box 4150
Honolulu, HI 96812-4150

Docket No. 2009-0049
Exhibit WOM 2, Schedule 4
Audited Financial Statements
Page 2 of 10

Independent Auditors' Report

The Board of Directors
Wai'ola O Molokai, Inc.:

We have audited the accompanying balance sheet of Wai'ola O Molokai, Inc. (the Company) as of December 31, 2008, and the related statements of operations, stockholder's deficiency, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wai'ola O Molokai, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

June 25, 2009

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Balance Sheet

December 31, 2008

Assets

Current assets:

Cash	\$ 12,421
Accounts receivable – less allowance for doubtful receivables of \$683	<u>25,391</u>
Total current assets	<u>37,812</u>

Property and plant (note 3)	3,263,522
Less accumulated depreciation	<u>(1,705,108)</u>
Net property and plant	<u>1,558,414</u>
Total assets	<u><u>\$ 1,596,226</u></u>

Liabilities and Stockholder's Deficiency

Current liability:

Accounts payable and other	\$ 16,328
Customer deposits	43,710
Due to Molokai Properties Limited and affiliates (notes 4 and 6)	<u>5,472,065</u>
Total liabilities	<u>5,532,103</u>

Stockholder's deficiency:

Common stock, \$1 par value. Authorized 250,000 shares; issued and outstanding 1,000 shares	1,000
Additional paid-in capital (note 5)	686,881
Accumulated deficit	<u>(4,623,758)</u>
Total stockholder's deficiency	<u>(3,935,877)</u>

Commitments and contingencies (notes 4, 5, 6, 7, and 8)

Total liabilities and stockholder's deficiency	<u><u>\$ 1,596,226</u></u>
--	----------------------------

See accompanying notes to financial statements.

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Statement of Operations

Year ended December 31, 2008

Water sales (note 6)	\$ 164,626
Cost of sales – purchased water (notes 4 and 6)	<u>163,444</u>
Gross profit	<u>1,182</u>
Selling, general, and administrative expenses:	
Allocated costs (notes 5 and 6)	292,338
Depreciation	133,831
Salaries and wages	45,934
Professional fees	18,557
Taxes, other than income tax	12,968
Other	<u>20,197</u>
Total selling, general, and administrative expenses	<u>523,825</u>
Loss before income taxes	(522,643)
Income taxes (note 2)	<u>—</u>
Net loss	<u><u>\$ (522,643)</u></u>

See accompanying notes to financial statements.

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)
Statement of Stockholder's Deficiency
Year ended December 31, 2008

	Common stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount			
Balance at December 31, 2007	1,000	\$ 1,000	454,416	(4,101,115)	(3,645,699)
Contributions (note 5)	—	—	232,465	—	232,465
Net loss	—	—	—	(522,643)	(522,643)
Balance at December 31, 2008	1,000	\$ 1,000	686,881	(4,623,758)	(3,935,877)

See accompanying notes to financial statements.

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Statement of Cash Flows
Year ended December 31, 2008

Cash flows from operating activities:	
Net loss	\$ (522,643)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	133,831
Increase in accounts receivable	(15,979)
Increase (decrease) in liabilities:	
Accounts payable and other	(5,057)
Customer deposits	14,679
Net cash used in operating activities	(395,169)
Cash flows from financing activity:	
Due to Molokai Properties Limited and affiliates	381,766
Net decrease in cash	(13,403)
Cash at beginning of year	25,824
Cash at end of year	\$ 12,421
Supplemental noncash disclosure:	
In 2008, the Company recorded \$232,465 in additional paid-in capital for amounts due to Molokai Properties Limited and affiliates under a lease agreement.	

See accompanying notes to financial statements.

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Notes to Financial Statements

December 31, 2008

(1) Description of Business

Wai'ola O Molokai, Inc. (the Company) incorporated on August 2, 1991 under the laws of the state of Hawaii, provides water services to businesses, residents, churches, and Maui County parks located in Maunaloa, Kualapuu, Kipu, Manawainui, and the Molokai Industrial Park on the island of Molokai, Hawaii and is regulated by the Public Utilities Commission of the state of Hawaii (PUC). The Company is a wholly owned subsidiary Molokai Properties Limited (MPL).

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of the financial statements in U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the valuation allowances for accounts receivable and the carrying amount of property and plant. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(b) Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the statement of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial conditions, current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

(c) Revenue Recognition

Revenues are based upon rates authorized by the PUC and is recognized as services are rendered.

(d) Property and Plant

Property and plant are stated at cost, net of accumulated depreciation. Depreciation of the property and plant was calculated on the straight-line method over the estimated useful lives of the assets ranging from 5 to 30 years.

(e) Income Taxes

The taxable loss of the Company is included in the consolidated federal and state income tax returns of its parent company (MPL). The Company recorded no income tax expense in 2008. The tax effect of net operating loss carryforwards are offset by a valuation allowance as it is management's opinion that these net operating loss carryforwards are not more likely than not to be realized.

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Notes to Financial Statements

December 31, 2008

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

(f) Long-Lived Assets

In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

(3) Property and Plant

Property and plant represents the cost of assets utilized for delivery of water to the Company's customers. At December 31, 2008, property and plant assets include the following:

Reservoir	\$ 3,033,506
Pipes	148,683
Water meters	61,158
Other	20,175
	<hr/>
	3,263,522
Less accumulated depreciation	(1,705,108)
	<hr/>
	\$ 1,558,414
	<hr/>

(4) Agreement for Water Purchase

MPL entered into an agreement with the state of Hawaii, Department of Hawaiian Home Lands (DHHL) to purchase water from DHHL's Molokai water system. The term of the agreement was from May 1, 1981 to November 13, 1985, with a provision for extension on an annual basis at rates agreed upon by DHHL and MPL.

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Notes to Financial Statements

December 31, 2008

The per thousand gallon rates charged for water delivery by DHHL for 2008 was at varying rates ranging from \$0.80 to \$1.30, based on consumption. MPL has allocated the cost of purchased water to the Company. Cost of sales under this water purchase agreement of \$30,061 is reflected in the accompanying statement of operations.

The per thousand gallon rates to be charged for water delivery by DHHL for 2009 will be at varying rates ranging from \$0.90 to \$1.50, based on consumption.

(5) Lease

Effective on July 1, 2008, the Company is the lessee under an operating lease agreement with MPL for assets relating to the collection, storage, transmission, and delivery of water, including reservoirs, water lines, pipes and other equipment. The agreement provides for a monthly charge of \$32,560, plus applicable taxes. The Company is responsible for regular repairs and maintenance of the leased assets under the agreement. The lease term expired on December 31, 2008 and continues on a year-to-year basis hereinafter.

For the year ended December 31, 2008, the Company recorded \$232,465 under this lease agreement and the effective verbal agreement prior to July 1, 2008 and is reflected as allocated costs in the accompanying statement of operations.

The lease agreement states that "MPL hereby warrants and agrees that it shall not seek repayment of any sums due or owed under this agreement during any period of time in which Wai'ola is owned by MPL, its successors or assigns." As such, the 2008 charge of \$232,465 is reflected in the accompanying financial statements as additional paid-in capital for 2008.

(6) Related-Party Transactions

As of December 31, 2008, due to MPL and affiliates amounted to \$5,472,065. The liability is non-interest bearing and has no specified due date.

In 2008, the Company recorded water sales of \$6,528 to affiliated entities.

In 2008, MPL charged the Company \$106,701 for water, which is included in cost of sales in the accompanying statement of operations.

In 2008, the Company was also charged allocated expenses from MPL for various costs incurred by MPL on behalf of the Company, as follows:

Equipment rental (see note 5)	\$	232,465
Salaries and wages		16,645
Professional and legal		13,781
Other		29,447
Total	\$	<u>292,338</u>

WAI'OLA O MOLOKAI, INC.
(A Wholly Owned Subsidiary of Molokai Properties Limited)

Notes to Financial Statements

December 31, 2008

(7) Liquidity

The Company has a rate case application filed with the PUC seeking the approval of the PUC for an increase in the present rates charged to provide for a 2% rate of return on its system improvements. The justification for the rate relief as requested was that the current rates do not and will not provide sufficient revenues to allow for recovery of incurred expenses, which is evidenced by the 2008 loss and accumulated deficit as of December 31, 2008. Management believes that the proposed rate increase, if approved will provide the Company with a rate of return sufficient to meet its annual cash flow obligations. Furthermore, management will apply for future rate increases with the PUC as deemed necessary and appropriate to ensure the future financial viability of the Company, until that time MPL will provide financial support as needed.

(8) Contingencies

In June 2008, the County of Maui had filed a formal complaint with the PUC to compel the PUC to require that the Company submit a plan for the continued operation of the water utility beyond August 2008 and to investigate the Company's operations, revenues, assets, practices, and services.

In July 2008, the state of Hawaii Department of Health initiated a proceeding which essentially ordered the Company to continue its water operations or face fines for failure to do so. In response, the Company has indicated that it would continue operations as long as it is financially capable.

In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity, as it is the intent of the Company and MPL to continue operating the water utility as legally required.

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 2
SCHEDULE 5

UNAUDITED FINANCIAL STATEMENTS
ELEVEN MONTHS ENDED MAY 31, 2008

(2 Pages)

Unaudited Financial Statement
Eleven Months Ended May 31, 2009

BALANCE SHEET

Line #	Description	[1] Reference	[2] Amount	[3] Amount	[4] Total
ASSETS					
<u>CURRENT ASSETS</u>					
1	Cash			\$ 26,332	
2	Accounts Receivable			14,089	
3	Receivable From Associates				
4	TOTAL CURRENT ASSETS				\$ 40,421
5					
<u>PROPERTY, PLANT & EQUIPMENT</u>					
6	Plant in Service			3,611,306	
7	Construction Work in Progress				
8	Accumulated Depreciation			(2,104,999)	
9	NET PLANT				1,506,307
<u>OTHER ASSETS</u>					
10	Due From Affiliates				
11	Other				
12	TOTAL OTHER ASSETS				-
13					
14	TOTAL ASSETS				\$ 1,546,728
LIABILITIES AND EQUITY					
<u>CURRENT LIABILITIES</u>					
15	Accounts Payable & Accruals			\$ 28,467	
16	Accrued Payroll & Benefits			4,627	
17	Customer Deposits			38,151	
18	Other			4,108	
19	TOTAL LIABILITIES				\$ 75,353
20	Due To Affiliates			5,957,510	
21					
22	Net CIAC				5,957,510
23	Due to Shareholder				
<u>STOCKHOLDER'S EQUITY</u>					
24	Common Stock				
25	Additional Paid-in-Capital		454,416		
26	TOTAL STOCK AND PAID-IN-CAPITAL			454,416	
27	Retained Earnings (Deficit) Beginning of Year		(4,244,031)		
28	Current Year Earnings (Deficit)		(696,520)		
29	Retained Earnings (Deficit) To Date			(4,940,551)	
30	TOTAL STOCKHOLDER'S EQUITY				(4,486,135)
31	TOTAL LIABILITIES AND EQUITY				\$ 1,546,728

Unaudited Financial Statement
Eleven Months Ended May 31, 2009

INCOME STATEMENT

Line #	Description	[1] Reference	[2] Amount	[3] Amount	[4] Total
<u>REVENUES</u>					
1					
2	Revenue			200,695	
3					
4					
5	Late Fees			2,552	
6					
7	Other				
8	TOTAL REGULATED REVENUES				\$ 203,247
<u>OPERATING EXPENSES</u>					
9	Cost of Service			158,936	
10	Salaries & Wages			67,271	
11	Employee Benefits			18,190	
12	Payroll Taxes			5,591	
13	Electricity			8,892	
14	Fuel			5,927	
15	Rental Charges			373,076	
16	Repairs & Maintenance			5,860	
17	Materials & Supplies			2,232	
18	Legal			53,364	
19	Professional Services			45,795	
20	Insurance			3,266	
21	Administrative Expense			13,550	
22	Miscellaneous Expense				
23	O & M Expense			761,950	
24	Depreciation Expense			126,097	
25	Taxes Other Than Income Taxes			11,720	
26	TOTAL OPERATING EXPENSES				(899,767)
27	Other (Expense) Income				
28	Interest Expense				
29	Net Non-Regulatory Income				-
30	Net Income (Loss)				\$ (696,520)

DOCKET NO. 2009
WAI'OLA O MOLOKA'I, INC

EXHIBIT WOM 2
SCHEDULE 6

PROMISSORY NOTES, BONDS
AND OTHER INDEBTEDNESS

(1 Page)

Wai'ola O Moloka'i

Promissory Notes, Bonds and Other Indebtedness

NONE

DOCKET NO. 2009-0049
WAI'OLA O MOLOKA'I, INC

EXHIBIT WOM 3

PLANT AND
ACCUMULATED DEPRECIATION

(2 Pages)

**Walola O Molokai
Test Year Ending June 30, 2010**

Plant and Accumulated Depreciation

**Exhibit WOM 3
Docket No. 2009-0049
Witness O'Brien
Page 1 of 2**

		[1]	[2]	[3]	[4]
Line		Balance	Year Ended 6-30-09		Balance
#	Description	At		Retirements	At
		06/30/08	Additions	or Adjustment	06/30/09
<u>PLANT IN SERVICE</u>					
1	Facilities & Equipment - 5 Year Life	\$ -			\$ -
2	Facilities & Equipment - 7 Year Life	9,792			9,792
3	Facilities & Equipment - 10 Year Life	-			-
4	Facilities & Equipment - 15 Year Life	63,641	20,000		83,641
5	Facilities & Equipment - 20 Year Life	274,945			274,945
6	Facilities & Equipment - 25 Year Life	2,620,364			2,620,364
7	Facilities & Equipment - 30 Year Life	365,071			365,071
8					-
9					-
10	TOTAL	\$ 3,333,813	\$ 20,000	\$ -	\$ 3,353,813

ACCUMULATED DEPRECIATION

1	Facilities & Equipment - 5 Year Life	\$ -	\$ -			\$ -
2	Facilities & Equipment - 7 Year Life	9,792	0			9,792
3	Facilities & Equipment - 10 Year Life	-	-			-
4	Facilities & Equipment - 15 Year Life	47,852	4,910			52,762
5	Facilities & Equipment - 20 Year Life	168,809	12,060			180,869
6	Facilities & Equipment - 25 Year Life	1,226,505	104,814			1,331,319
7	Facilities & Equipment - 30 Year Life	252,508	12,169			264,677
8	-					-
9	-					-
10	TOTAL	\$ 1,705,465	\$ 133,953	\$ -		\$ 1,839,418

**Waiola O Molokai
Test Year Ending June 30, 2010**

**Exhibit WOM 3
Docket No. 2009-0049
Witness O'Brien
Page 2 of 2**

Plant and Accumulated Depreciation

		[1]	[2]	[3]	[4]
Line #	Description	Balance At 06/30/09	Year Ended 6-30-10		Balance At 06/30/10
			Additions	Retirements or Adjustment	
<u>PLANT IN SERVICE</u>					
1	Facilities & Equipment - 5 Year Life	\$ -	\$ 20,000		\$ 20,000
2	Facilities & Equipment - 7 Year Life	9,792			9,792
3	Facilities & Equipment - 10 Year Life	-			-
4	Facilities & Equipment - 15 Year Life	83,641			83,641
5	Facilities & Equipment - 20 Year Life	274,945			274,945
6	Facilities & Equipment - 25 Year Life	2,620,364			2,620,364
7	Facilities & Equipment - 30 Year Life	365,071			365,071
8	-	-			-
9	-	-			-
10	TOTAL	<u>\$ 3,353,813</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 3,373,813</u>
<u>ACCUMULATED DEPRECIATION</u>					
1	Facilities & Equipment - 5 Year Life	\$ -	\$ 2,000		\$ 2,000
2	Facilities & Equipment - 7 Year Life	9,792	-		9,792
3	Facilities & Equipment - 10 Year Life	-	-		-
4	Facilities & Equipment - 15 Year Life	52,762	5,576		58,338
5	Facilities & Equipment - 20 Year Life	180,869	12,060		192,929
6	Facilities & Equipment - 25 Year Life	1,331,319	104,814		1,436,133
7	Facilities & Equipment - 30 Year Life	264,677	12,169		276,846
8	-	-			-
9	-	-	-		-
10	TOTAL	<u>\$ 1,839,418</u>	<u>\$ 136,619</u>	<u>\$ -</u>	<u>\$ 1,976,037</u>

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 4

PRESENT RATE SCHEDULE

(2 Pages)

WAI'OLA O MOLOKA'I, INC.
Water Rate Schedule

User Charge (per 1000 gallon):		\$1.85
Temporary User Charge		\$5.15*
*Pursuant to the Temporary Rate Order and the Order Approving Extension, the Consumption Charge of \$1.85 per 1,000 gallons was temporarily increased to \$5.15 per 1,000 gallons.		
Deposit		\$50.00
Service Charge - Meter Reading:		
Meter Size	5/8"	\$5.00
Meter Size	3/4"	\$5.00
Meter Size	1"	\$10.00
Meter Size	1 1/2"	\$10.00
Meter Size	2"	\$25.00
Meter Size	3"	\$50.00
Meter Size	4"	\$75.00
Meter Size	6"	\$150.00
Meter Size	8"	\$250.00
Tap-in-Charge per connection:		
Single Family Unit		\$100.00
Multi Family Unit		\$100.00
Commercial		
Meter Size	5/8"	\$600.00
Meter Size	3/4"	\$900.00
Meter Size	1"	\$2,000.00
Meter Size	1 1/2"	\$4,000.00
Meter Size	2"	\$8,000.00
Meter Size	3"	\$16,000.00
Meter Size	4"	\$40,000.00
Meter Size	6"	\$65,000.00
Meter Size	8"	\$150,000.00

Agriculture

Meter Size	5/8"	\$500.00
Meter Size	3/4"	\$800.00
Meter Size	1"	\$1,500.00
Agriculture (Con't)		
Meter Size	1 1/2"	\$3,000.00
Meter Size	2"	\$5,000.00
Meter Size	3"	\$10,000.00
Meter Size	4"	\$20,000.00
Meter Size	6"	\$35,000.00
Meter Size	8"	\$70,000.00

Private Fire Protection Charges

Hydrant - per hydrant per month	\$3.50
Standpipes - per standpipe per month	\$2.50
Others - per month per inch diameter of feeder main	\$2.50

Reconnection Charge: \$50.00

Inspection Charge: \$30.00

Late Charge: 1% per month

Dishonored Check Fee: \$10.00

Penalty: \$500.00

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 5

PROPOSED RATE SCHEDULE

(2 Pages)

WAI'OLA O MOLOKA'I, INC.
Water Rate Schedule

Deposit		\$50.00
User Charge (per 1,000 gallons):		
Phase I (Effective upon Commission Order)		\$6.6549
Phase II (Effective six-months after Phase I Effective Date)		\$8.9675
Monthly Service Charge - Meter Reading:		
Phase I (Effective upon Commission Order)		
Meter Size	5/8"	\$18.00
Meter Size	3/4"	\$18.00
Meter Size	1"	\$36.00
Meter Size	1 1/2"	\$36.00
Meter Size	2"	\$90.00
Meter Size	3"	\$180.00
Meter Size	4"	\$270.00
Meter Size	6"	\$540.00
Meter Size	8"	\$895.00
Phase II (Effective six-months after Phase I Effective Date)		
Meter Size	5/8"	\$24.00
Meter Size	3/4"	\$24.00
Meter Size	1"	\$48.00
Meter Size	1 1/2"	\$48.00
Meter Size	2"	\$121.00
Meter Size	3"	\$242.00
Meter Size	4"	\$363.00
Meter Size	6"	\$726.00
Meter Size	8"	\$1,207.00
Tap-in-Charge per connection:		
Single Family Unit		\$100.00
Multi Family Unit		\$100.00
Commercial		
Meter Size	5/8"	\$600.00
Meter Size	3/4"	\$900.00
Meter Size	1"	\$2,000.00

Commercial (Con't)		
Meter Size	1 1/2"	\$4,000.00
Meter Size	2"	\$8,000.00
Meter Size	3"	\$16,000.00
Meter Size	4"	\$40,000.00
Meter Size	6"	\$65,000.00
Meter Size	8"	\$150,000.00
Agriculture		
Meter Size	5/8"	\$500.00
Meter Size	3/4"	\$800.00
Meter Size	1"	\$1,500.00
Meter Size	1 1/2"	\$3,000.00
Meter Size	2"	\$5,000.00
Meter Size	3"	\$10,000.00
Meter Size	4"	\$20,000.00
Meter Size	6"	\$35,000.00
Meter Size	8"	\$70,000.00

Private Fire Protection Charges

Phase I (Effective upon Commission Order)

Hydrant - per hydrant per month	\$12.60
Standpipes - per standpipe per month	\$ 9.00
Others - per month per inch diameter of feeder main	\$9.00

Phase II (Effective six-months after Phase I Effective Date)

Hydrant - per hydrant per month	\$16.80
Standpipes - per standpipe per month	\$12.00
Others - per month per inch diameter of feeder main	\$12.00

Reconnection Charge: \$100.00

Inspection Charge: \$30.00

Late Charge: 1% per month

Dishonored Check Fee: \$10.00

Penalty: \$500.00

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 6

TEST YEAR ENDED JUNE 30, 2010
RATE OF RETURN SUMMARY AT
PRESENT AND PROPOSED RATES

(2 Pages)

Waiola O Molokai
Revenue Requirements & Rate of Return Summary
Test Year Ending June 30, 2010

Line #		Present Rates	Additional Amount	Proposed Rates at 2.00%
1	Monthly Customer Charge	\$30,860	\$117,556	\$148,416
2	Water Usage Charges	92,500	355,875	448,375
3	Other	0		0
4	Connection Fees	0		0
5	Late Fees	300		300
6				
7	Total Operating Revenues	123,660	473,431	597,091
8	Labor, PR Taxes & Employee Benefits	141,449		141,449
9	Fuel & Power	10,656		10,656
10	Cost of Sales	106,926		106,926
11	Treatment Charges & Chemicals	0		0
12	Materials & Supplies	13,581		13,581
13				
14	Affiliated Charges	18,000		18,000
15	Professional & Outside Services	3,598		3,598
16	Repairs & Maintenance ("R & M")	17,088		17,088
17	Rents	0		0
18	Insurance	16,000		16,000
19	Regulatory Expense	55,000		55,000
20	General & Administrative	5,855		5,855
21				
22				
23	Total O&M Expenses	388,153	0	388,153
24	Taxes, Other Than Income	7,896	30,229	38,124
25	Depreciation	136,619		136,619
26				
27	Income Taxes	(157,968)	164,454	6,486
28	Diff. due to changing factors			0
29	Total Operating Expenses	374,700	194,683	569,383
30	Operating Income	(\$251,040)	\$278,748	\$27,708
31	Average Rate Base	\$1,388,837		\$1,388,837
32	Return on Rate Base	-18.08%		2.00%
33	Target ROR	2.00%		
34	Increase in ROR	-20.08%		
35	Increase in NOI	278,816		
36	GRCF	1.69800		
37	Increase in Revenues	\$473,430	(\$1)	
38	Percent Increase in Revenue		382.85%	

Waiola O Molokai
Revenue Requirements Support
Test Year Ending June 30, 2010

Line
No.

Gross Revenue Conversion Factor		
1	Additional Revenue	1.000000
	Less:	
2	Bad Debts	0.000000
3	Public Service Company Tax	0.058850
4	PUC Fee	0.005000
5	Franchise	0.000000
		<u>0.063850</u>
6	Subject to Income Tax	0.936150
	Less:	
7	State Income Tax	0.061180
8	Federal Income Tax	0.319199
9	Composite Income Tax Rate	0.380379
		<u>0.356091</u>
10	Remaining for Net Income	<u>0.580059</u>
11	Expense for each \$1 of Revenue	<u>0.419941</u>
12	Factor for Moving Rate Base	
13	=	(1-Bad Debt%-Revenue Taxes-Income tax on Addl. Revenue)
14	Factor	L 10 0.5800586
15	Revenue Factor	1.723963685

Additional Revenue Requirements

16	CA's proposed rate of return	2.00%
17	Multiply rate base @ present rates by the above proposed ROR	27,777
18	Subtract the net income @ present rates from the above net income	278,817
19	Divide the above difference by the moving rate base factor to	
20	determine the additional revenue requirements @ the CA's ROR	480,670
21	Multiply the add'l revenues by the bad debt factor	0
22	Multiply the add'l revenues by the revenue tax factor	30691
23	Multiply the add'l revenues by the inc tax on add'l revenue	171163
24		
25	Total Expenses at Proposed Rates	569,383
26	Subtract total expense from total revenues @ proposed rates	27,708
27	Subtract NI before WC change from NI after WC change	
28	Divide change in NI by desired rate of return	0.0
29	Calculate change in rate base	1,388,837
30	Test - Divide NI by rate base	2.00%

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 7

INCOME TAX EXPENSE
TEST YEAR ENDED JUNE 30, 2010
RECORDED AT PRESENT AND PRO FORMA
AT PROPOSED RATES

(1 Page)

Waiola O Molokai
Income Tax Expense
Test Year Ending June 30, 2010

Line #	Description	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
		Tax Rates	Present Rates	Revenue Increase	Proposed Rates	Present Rates	Revenue Increase	Proposed Rates	Difference in Income Tax Calculations [4] + [5] - [6]
			Taxable Amounts			Income Taxes			
1	Total Revenues					123,660	473,431	597,091	
2	Total Operations & Maintenance Expenses					388,153	0	388,153	
3	Depreciation					136,619	0	136,619	
4	0					0	0	0	
5	Taxes Other than Income Taxes					7,896	30,229	38,124	
6	Total Operating Expenses					532,668	30,229	562,896	
7	Operating Income before Income Taxes					(409,008)	443,202	34,195	
8	Interest Expenses					0	0	0	
9	State taxable income					(409,008)	443,202	34,195	
	Less:								
	<u>State Income Tax</u>								
10	less than \$25K	4.4%	(25,000)	25,000	25,000	(1,100)	1,100	1,100	
11	Over \$25K, but less than \$100K	5.4%	(75,000)	75,000	9,195	(4,050)	4,050	497	
12	Over \$100K	6.4%	(309,008)	343,202		(19,776)	21,965	0	
13	State Income Taxes					(24,926)	27,115	1,597	592
14	Federal taxable income					(384,081)	416,087	32,598	
	<u>Federal Income tax</u>								
15	less than \$50K	15.0%	(50,000)	50,000	32,598	(7,500)	7,500	4,890	
16	Over \$50K, but less than \$75K	25.0%	(25,000)	25,000		(6,250)	6,250	0	
17	Over \$75K, but less than \$100K	34.0%	(25,000)	25,000		(8,500)	8,500	0	
18	Over \$100K, but less than \$335K	39.0%	(284,081)	235,000		(110,792)	91,650	0	
19	Over \$335K	34.0%		81,087			27,570		
20	Federal Income Taxes					(133,042)	141,470	4,890	3,538
21	Total Federal and State income taxes					(\$157,968)	\$168,585	\$6,486	\$4,130
22	<u>Effective Tax Rate</u>					38.6223%	38.0379%	18.9686%	
23	State					6.094%	6.118%	4.6689%	
24	Federal					32.528%	31.920%	14.2997%	

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 8

TAXES OTHER INCOME TAX EXPENSE
TEST YEAR ENDED JUNE 30, 2010
RECORDED AT PRESENT AND PRO FORMA
AT PROPOSED RATES

(1 Page)

Waiola O Molokai
Taxes Other Than Income Taxes
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]
Line #	Description	Revenues at Present Rates	Revenues at Proposed Rates	Tax Rates	Taxes at Present Rates	Taxes at Proposed Rates
<u>Revenue Taxes</u>						
1	Public Company Service Tax (Pursuant to HRS § 239)	\$123,660	\$597,091	5.885%	\$7,277	\$35,139
2	Public Utility Fee (Pursuant to HRS § 269-30)	123,660	597,091	0.500%	618	2,985
3	Franchise Tax (applicable to electric companies only) (Pursuant to HRS § 240)			2.500%		
4	Total Revenue Taxes				7,896	38,124
<u>Other Taxes</u>						
5	Name					0
6	Total Other Taxes				0	0
7	Total Taxes Other Than Income Taxes				\$7,896	\$38,124

DOCKET NO. 2009-0049
WAI'OLA O MOLOKA'I, INC

EXHIBIT WOM 9

AVERAGE RATE BASE
2009-2010 TEST YEAR

(9 Pages)

Waiola O Molokai
Average Rate Base
Test Year Ending June 30, 2010

		[1]	[2]	[3]
Line #	Description	At June.30, 2009	At June. 30, 2010	Average
	<u>Plant In Service</u>	\$3,353,813	\$3,373,813	\$3,363,813
1	Accumulated Depreciation Reserve	1,839,418	1,976,037	1,907,727
2	Net Plant-in-Service	1,514,395	1,397,776	1,456,086
	<u>Deduct:</u>			
3	Net Contributions in Aid of Construction	0	0	0
4	Customer Advances	0	0	0
5	Customer Deposits	(43,710)	(43,710)	(43,710)
6	Accumulated Deferred Taxes: Federal	(54,975)	(54,924)	(54,950)
7	Accumulated Deferred Taxes: State	0	0	0
8	Unamortized Hawaii General Excise Tax Credit	(985)	(886)	(935)
9	subtotal	(99,670)	(99,520)	(99,595)
	<u>Add:</u>			
10	Working Capital	32,346	32,346	32,346
11	Retirements	0	0	0
12	subtotal	32,346	32,346	32,346
13	Total at End of Year	\$1,447,071	\$1,330,602	
14	Average Rate Base For Test Year			\$1,388,837

Waiola O Molokai
Rate Base Support
Test Year Ending June 30, 2010

		[1]	[2]	[3]
Line #	Description	Waiola O Molokai	Adjustments	Pro Forma
	<u>Rate Base @ June.30, 2009</u>			
1	Plant In Service	\$3,353,813	\$0	\$3,353,813
2	Accumulated Depreciation Reserve	(1,839,418)	0	(1,839,418)
3	Net Plant-in-Service	1,514,395	0	1,514,395
	<u>Deduct:</u>			
4	Net Contributions in Aid of Construction	0	0	0
5	Customer Advances	0	0	0
6	Customer Deposits	(43,710)	0	(43,710)
7	Accumulated Deferred Taxes: Federal	(54,975)	0	(54,975)
8	Accumulated Deferred Taxes: State	0	0	0
9	Unamortized Hawaii General Excise Tax Credit	(985)	0	(985)
10	subtotal	(99,670)	0	(99,670)
	<u>Add:</u>			
11	Working Capital	32,346	0	32,346
12	Retirements	0	0	0
13				
14	subtotal	\$32,346	\$0	\$32,346
	<u>Rate Base @ June. 30, 2010</u>			
15	Plant In Service	\$3,373,813	\$0	\$3,373,813
16	Accumulated Depreciation Reserve	(1,976,037)	0	(1,976,037)
17	Net Plant-in-Service	1,397,776	0	1,397,776
	<u>Deduct:</u>			
18	Net Contributions in Aid of Construction	0	0	0
19	Customer Advances	0	0	0
20	Customer Deposits	(43,710)	0	(43,710)
21	Accumulated Deferred Taxes: Federal	(54,924)	0	(54,924)
22	Accumulated Deferred Taxes: State	0	0	0
23	Unamortized Hawaii General Excise Tax Credit	(886)	0	(886)
24	subtotal	(99,520)	0	(99,520)
	<u>Add:</u>			
25	Working Capital	32,346	0	32,346
26	Retirements	0	0	0
27				
28	subtotal	\$32,346	\$0	\$32,346

Waiola O Molokai
Plant In Service
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Line #	Description	Ref:	Balance as of 6/30/08	6/30/09 Additions	6/30/09 Retirements	Adjust	Balance as of 6/30/09	6/30/10 Additions	6/30/10 Retirements	Adjust	Test Year Balance as of 6/30/10
1	Kipu System Improvements	1982	33,751				\$33,751				\$33,751
2	Water System - Maunaloa	1987	365,071				365,071				365,071
3	Reservoir Improvements	1988	16,045				16,045				16,045
4	Reservoir Improvements	1989	41,398				41,398				41,398
5	Reservoir Improvements	1990	11,854				11,854				11,854
6	Reservoir Improvements	1991	4,600				4,600				4,600
7	Mipa 12" Waterline	1992	309,323				309,323				309,323
8	Lialalii Reservoir	1996	83,423				83,423				83,423
9	Potable Water System	1996	81,912				81,912				81,912
10	Maunaloa Village Water System	1996	1,639,674				1,639,674				1,639,674
11	Data System	1997	56,799				56,799				56,799
12	Maunaloa 12" Water Main	1997	247,636				247,636				247,636
13	Water Meters	1997	5,365				5,365				5,365
14	ML Reservoir Repair	1997	149,438				149,438				149,438
15	Kualapuu Ranch	1998	1,068				1,068				1,068
16	Kaiaae Kualapuu Ag	1999	8,776				8,776				8,776
17	Water Meter	2000	1,732				1,732				1,732
18	Replace Kualapuu Reservoir Roof	2001	124,503				124,503				124,503
19	Waiola Pipeline Replacement	2001	6,414				6,414				6,414
20	Kipu Pipeline Replacement	2001	1,646				1,646				1,646
21	4" Pipeline Kualapuu reservoir - Kipu	2001	141,908				141,908				141,908
22	Water Meters	2005	1,477				1,477				1,477
23	Meter Reading Equipment & Meters			20,000			20,000				20,000
24							0				0
25	Vehicles						0	20,000			20,000
26							0				0
27	Total		<u>\$3,333,813</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,353,813</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,373,813</u>

Waiola O Molokai
Accumulated Depreciation
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Line #	Description	Ref:	Balance as of 6/30/08	6/30/09 Dep. Exp.	6/30/09 Retirements	Adjust	Balance as of 6/30/09	6/30/10 Dep. Exp.	6/30/10 Retirements	Adjust	Test Year Balance as of 6/30/10
1	Kipu System Improvements	1982	\$33,751	\$0			\$33,751	\$0			\$33,751
2	Water System - Maunaloa	1987	252,508	12,169			264,677	12,169			276,846
3	Reservoir Improvements	1988	13,317	642			13,959	642			14,601
4	Reservoir Improvements	1989	22,455	1,656			24,111	1,656			25,767
5	Reservoir Improvements	1990	4,400	474			4,874	474			5,348
6	Reservoir Improvements	1991	3,128	184			3,312	184			3,496
7	Mipa 12" Waterline	1992	198,998	12,373			211,371	12,373			223,744
8	Lialali Reservoir	1996	40,876	3,337			44,213	3,337			47,550
9	Potable Water System	1996	50,150	4,096			54,246	4,096			58,342
10	Maunaloa Village Water System	1996	759,667	65,587			825,254	65,587			890,841
11	Data System	1997	43,546	3,787			47,333	3,787			51,120
12	Maunaloa 12" Water Main	1997	111,436	9,905			121,341	9,905			131,246
13	Water Meters	1997	3,994	358			4,352	358			4,710
14	ML Reservoir Repair	1997	80,323	7,472			87,795	7,472			95,267
15	Kualapuu Ranch	1998	526	53			579	53			632
16	Kalae Kualapuu Ag	1999	4,060	439			4,499	439			4,938
17	Water Meter	2000	1,732	0			1,732	0			1,732
18	Replace Kualapuu Reservoir Roof	2001	34,861	4,980			39,841	4,980			44,821
19	Waiola Pipeline Replacement	2001	6,414	(0)			6,414	0			6,414
20	Kipu Pipeline Replacement	2001	1,646	0			1,646	0			1,646
21	4" Pipeline Kualapuu reservoir - Kipu	2001	37,369	5,676			43,045	5,676			48,721
22	Water Meters	2005	312	98			410	98			508
23	Meter Reading Equipment & Meters		0	667			667	1,333			2,000
24			0	0			0	0			0
25	Vehicles		0	0			0	2,000			2,000
26			0	0			0	0			0
27	Total		\$1,705,465	\$133,953	\$0	\$0	\$1,839,418	\$136,619	\$0	\$0	\$1,976,037

Waiola O Molokai
Depreciation Expense (Book)
Test Year Ending June 30, 2010

Line #	Description	[1] Ref:	[2] In-service date	[3] Total Cost	[4] Estimated Useful Life	[5] Acc. Dep. Balance At 6/30/08	[6] Year Ended 6/30/09 Dep. Exp.	[7] Acc. Dep. Balance At 6/30/09	[8] Year Ended 6/30/10 Dep. Exp.	[9] Test Year Acc. Dep. Balance as of 6/30/10
1	Kipu System Improvements		1982	33,751	20	33,751	0	33,751	0	33,751
2	Water System - Maunaloa		1987	365,071	30	252,508	12,169	264,677	12,169	276,846
3	Reservoir Improvements		1988	16,045	25	13,317	642	13,959	642	14,601
4	Reservoir Improvements		1989	41,398	25	22,455	1,656	24,111	1,656	25,767
5	Reservoir Improvements		1990	11,854	25	4,400	474	4,874	474	5,348
6	Reservoir Improvements		1991	4,600	25	3,128	184	3,312	184	3,496
7	Mipa 12" Waterline		1992	309,323	25	198,998	12,373	211,371	12,373	223,744
8	Lialali Reservoir		1996	83,423	25	40,876	3,337	44,213	3,337	47,550
9	Potable Water System		1996	81,912	20	50,150	4,096	54,246	4,096	58,342
9	Maunaloa Village Water System		1996	1,639,674	25	759,667	65,587	825,254	65,587	890,841
10	Data System		1997	56,799	15	43,546	3,787	47,333	3,787	51,120
11	Maunaloa 12" Water Main		1997	247,636	25	111,436	9,905	121,341	9,905	131,246
12	Water Meters		1997	5,365	15	3,994	358	4,352	358	4,710
13	ML Reservoir Repair		1997	149,438	20	80,323	7,472	87,795	7,472	95,267
14	Kualapuu Ranch		1998	1,068	20	526	53	579	53	632
15	Kalae Kualapuu Ag		1999	8,776	20	4,060	439	4,499	439	4,938
16	Water Meter		2000	1,732	7	1,732	0	1,732		1,732
17	Replace Kualapuu Reservoir Roof		2001	124,503	25	34,861	4,980	39,841	4,980	44,821
18	Waiola Pipeline Replacement		2001	6,414	7	6,414	0	6,414		6,414
19	Kipu Pipeline Replacement		2001	1,646	7	1,646	0	1,646		1,646
20	4" Pipeline Kualapuu reservoir - Kipu		2001	141,908	25	37,369	5,676	43,045	5,676	48,721
20	Water Meters		2005	1,477	15	312	98	410	98	508
21	Meter Reading Equipment & Meters		2009	20,000	15	0	667	667	1,333	2,000
22				0		0				
23	Vehicles		2010	20,000	5	0		0	2,000	2,000
24				0		0				
25	Total			<u>\$3,373,813</u>		<u>\$1,705,465</u>	<u>\$133,953</u>	<u>\$1,839,418</u>	<u>\$136,619</u>	<u>\$1,976,037</u>

Waiola O Molokai
Customer Deposits
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Line #	Description	Ref:	Balance as of 6/30/08	6/30/08 Additions	6/30/08 Adjustments	Balance as of 6/30/09	6/30/10 Additions	6/30/10 Adjustments	Test Year Balance as of 6/30/10
1	Balance		\$29,231	\$8,850	5,629	\$ 43,710			\$ 43,710
2	Total		\$29,231	\$8,850	\$5,629	\$43,710	\$0	\$0	\$43,710

Waiola O Molokai
Accumulated Deferred Income Taxes
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Line #	Description	Life in years	In-service date	Total Cost	Tax Depreciation Method	Acc. Tax Dep. Balance as of 6/30/08	6/30/09 Tax Dep. Exp.	6/30/09 Adjustments	Acc. Tax Dep. Balance as of 6/30/09	6/30/10 Tax Dep. Exp.	6/30/10 Adjustments	Test Year Acc. Tax Dep. Balance as of 6/30/10
1	Kipu System Improvements		1982	\$ 33,751		\$31,493			\$31,493			\$31,493
2	WIP Kualapuu Reservoir		1990	10,949		9,727	489		10,216	489		10,705
3	Maunaloa Reservoir		1991	1,821		1,534	81		1,615	81		1,696
4	MLPA 12" Water line		1992	309,323		247,137	13,790		260,927	13,790		274,717
5	Water Transmission		1995	42,967		28,221	1,916		30,137	1,916		32,053
6	Automate Kaulapuu BO		1995	6,745		6,745			6,745			6,745
7	Kualapuu County Water		1995	70,629		45,141	3,149		48,290	3,149		51,439
8	Potable Water System		1996	57,802		37,509	2,577		40,086	2,577		42,663
9	Kualapuu Reservoir		1996	83,423		54,134	3,719		57,853	3,719		61,572
10	Office Equipment		1997	7,697		7,697			7,697			7,697
11	Maunaloa Water System		1997	1,637,898		1,016,758	73,067		1,089,825	73,067		1,162,892
12	Badger Water System		1997	68,519		42,532	3,057		45,589	3,057		48,646
13	36 Water Meters		1997	5,365		3,329	239		3,568	239		3,807
14	Maunaloa Reservoir		1997	149,438		77,524	6,668		84,192	6,668		90,860
15	Maunaloa 12" Water Main		1997	247,636		153,725	11,047		164,772	11,047		175,819
									0			0
16	Zold 135 Kualapuu RA		1998	1,068		568	48		616	48		664
17	WA 116		1999	8,776		4,520	391		4,911	391		5,302
18	Water Meter		2000	1,732		1,732	0		1,732	0		1,732
19	Waiola Pipeline		2001	6,414		1,155	164		1,319	164		1,483
20	Kipu Pipeline		2001	1,646		296	42		338	42		380
21	Kualapuu Reservoir		2001	124,503		22,477	3,192		25,669	3,192		28,861
22	Water System Equip		2001	141,027		56,000	6,893		62,893	6,893		69,786
23	Water System Equip		2005	1,478		216	59		275	59		334
24												
25												
26	Meter Reading Equipment & Meters	15	2009	20,000	DDB 150		1,000		1,000	1,900		2,900
27												
28	Vehicles	5	2010	20,000	DB 200				0	4,000		4,000
29												
30												
31	Total			\$3,060,607		\$1,850,170	\$131,588	\$0	\$1,981,758	\$136,488	\$0	\$2,118,246
32	Accumulated Book Depreciation								1,839,418			1,976,037
33	Tax Depreciation (Over) Under Book								(142,340)			(142,209)
34	Composite Income Tax Rate								38.622%			38.622%
35	ADIT								(\$54,975)			(\$54,924)

Waiola O Molokai
Hawaii Capital Goods Excise Tax Credit
("HCGETC")
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Line #	Description	Ref:	In-service date	Total Credit Amount	Amortization Rate	Acc. Amort. Balance as of 6/30/08	6/30/09 Amortization	6/30/09 Adjustments	Acc. Amort. Balance as of 6/30/09	6/30/10 Amortization	6/30/10 Adjustments	Test Year Acc. Amort. Balance as of 6/30/10
1	Assets Added in		2005	\$1,478	6.6700%	\$394	\$99		\$493	\$99		592
2									0			0
3									0			0
4									0			0
5									0			0
6									0			0
7									0			0
8									0			0
9									0			0
10									0			0
11									0			0
12									0			0
13									0			0
14									0			0
15									0			0
16									0			0
17									0			0
18									0			0
19									0			0
20	Total			<u>\$ 1,478</u>		<u>\$ 394</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 493</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 592</u>
21	Unamortized HCGETC Balance								<u>\$ 985</u>			<u>\$ 886</u>

Waiola O Molokai
Working Cash
Test Year Ending June 30, 2010

[1]

Line #	Description	Amount
1	Labor, PR Taxes & Employee Benefits	141,449
2	Fuel & Power	10,656
3	Cost of Sales	106,926
4	Treatment Charges & Chemicals	0
5	Materials & Supplies	13,581
6		
7	Affiliated Charges	18,000
8	Professional & Outside Services	3,598
9	Repairs & Maintenance ("R & M")	17,088
10	Rents	0
11	Insurance	16,000
12	Regulatory Expense	55,000
13	General & Administrative	5,855
14		
15		
16		
17	subtotal	388,153
18	Working Cash factor	12
19	Working Cash	32,346

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 10

PRO FORMA HISTORICAL SUMMARY

(13 Pages)

Waiola O Molokai
Historical summary
Test Year Ending June 30, 2010

Line #	Description	[1] 6/30/04	[2] 6/30/05	[3] 6/30/06	[4] 6/30/07	[5] 6/30/08	[6] Test Year 6/30/10
Revenues							
1	Monthly Customer Charges	\$0	\$0	\$0	\$0	\$0	\$30,860
2	Customer Usage Charges	160,050	161,111	99,374	131,597	122,169	92,500
3							
4		160,050	161,111	99,374	131,597	122,169	123,360
5	Late Fees	1,254	739	389	343	139	300
6	Connection Fees						
7	TOTAL WATER REVENUES	\$161,304	\$161,850	\$99,763	\$131,940	\$122,308	\$123,660
Expenses							
8	Labor, PR Taxes & Employee Benefits	\$ 63,322	\$ 69,750	\$ 170,694	\$ 127,325	\$ 107,121	\$ 141,449
9	Fuel & Power	6,035	7,032	8,009	8,961	12,507	10,656
10	Cost of Sales	186,095	181,844	131,280	133,291	152,546	106,926
11	Treatment Charges & Chemicals	843	6,361	(592)	0	0	0
12	Materials & Supplies	6,357	5,375	13,403	13,770	17,229	13,581
13	Affiliated Charges	19,528	18,913	19,606	22,911	21,502	18,000
14	Professional & Outside Services	6,260	310	62	48	11,313	3,598
15	Repairs & Maintenance ("R & M")	4,934	4,072	11,006	11,376	15,310	17,088
16	Rents	1,683	160	0	0	0	0
17	Insurance	3,672	11,207	26,223	20,317	12,128	16,000
18	Regulatory Expense						55,000
19	General & Administrative	3,379	3,991	5,201	5,359	5,991	5,855
20	Taxes Other than Income Taxes	8,269	7,142	5,221	5,617	6,000	7,896
21	Depreciation	153,977	151,747	136,823	136,802	136,092	136,619
22							
23	Income Taxes						
24	TOTAL EXPENSES	\$ 464,354	\$ 467,904	\$ 526,936	\$ 485,777	\$ 497,739	\$ 532,668
25	NET INCOME/(LOSS)	\$ (303,050)	\$ (306,054)	\$ (427,173)	\$ (353,837)	\$ (375,431)	\$ (409,008)

Waiala O Molokai
Labor, PR Taxes & Employee Benefits
Test Year Ending June 30, 2010

Line #	Description	Ref:	[1] 6/30/04	[2] 6/30/05	[3] 6/30/06	[4] 6/30/07	[5] 6/30/08	[6] 6/30/09	[7] Test Year 6/30/10
Expenses									
<u>Salaries & Wages</u>									
1	Direct S&W		\$47,504	\$54,902	\$52,730	\$62,967	\$48,337		\$98,030
2	S&W Charged Thru Cost of Sales				33,721	29,701	30,281		
3	Total S&W		47,504	54,902	86,451	92,668	78,618		98,030
<u>Employee Benefits</u>									
4	Medical & Dental		2,480	2,902	4,842	8,697	6,659		26,150
5	Workers Compensation		8,164	6,344	27,667	5,733	4,808		7,753
6	TDI		284	343	354	127	146		539
7	Group Life		89	74	84	27	0		235
8	LTDI		112	146	149	120	57		518
9									
10	Benefits Charged Thru Cost of Sales				43,388	11,924	11,551		
11									
12	Total Employee Benefits		11,129	9,809	76,264	26,628	23,221		35,195
<u>Payroll Taxes</u>									
13	FICA		3,617	4,108	3,908	4,736	2,347		7,499
14	FUTA		115	129	129	133	96		152
15	SUTA		957	802	730	381	227		573
16									
17	Payroll Tax Charged Thru Cost of Sales				3,192	2,779	2,612		
18	Total pPayroll Taxes		4,689	5,039	7,959	8,029	5,282		8,224
19	Total PR Taxes & Benefits		15,818	14,848	84,243	34,657	28,503		43,419
20	Total All		\$ 63,322	\$ 69,750	\$ 170,694	\$ 127,325	\$ 107,121		\$ 141,449

Waiola O Molokai
Fuel & Power
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
Line #	Description	Ref:	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	Test Year 6/30/10
	Expenses							
	Electricity							
1	Kualapuu Booster Pump		3,391	4,437	4,904	4,755	6,971	6,399
2	Kualapuu Reservior		392	474	440	431	853	584
3	DHHL Booster		2,045	1,917	2,173	2,680	4,314	3,673
4	Other - Allocation		207	204	204	807	153	
	MLP Charges to WOM in Cost of Sales				288	288	216	
5								
6	subtotal		6,035	7,032	8,009	8,961	12,507	10,656
	Fuel							
7	None						0	0
8								
9	subtotal		0	0	0	0	0	0
10	Total Expense		\$6,035	\$7,032	\$8,009	\$8,961	\$12,507	\$10,656

Waiola O Molokai
Cost of Sales
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
Line #	Description	Ref:	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	Test Year 6/30/10
WOM Direct Expense								
1	Well 17 to Waiola		\$ 30,573	\$ 33,292	\$ 31,057	\$ 26,511	\$ 26,612	\$55,926
2	DHHL to Waiola at Kalae		14,662	9,893	9,018	23,715	39,671	42,000
3	Potable at Waiola at Puunana		140,860	138,659	85,343	39,084	8,516	9,000
4	Use of Mountain Facilities						28,969	0
	Sub-Total		186,095	181,844	125,418	89,310	103,768	
MPL Charges for WOM - a/c # 615								
5	Salaries &Wages				33,721	29,701	30,281	Exh 10.1
6	Employee Benefits				43,388	11,924	11,551	Exh 10.1
7	Payroll Taxes				3,192	2,779	2,612	Exh 10.1
8	Electricity				288	288	216	Exh 10.2
9	Repair & Maintenance				7,011	3,646	4,219	Exh 10.9
10	Vehicle Fuel				6,241	5,791	6,561	Exh 10.5
11	Insurance				15,350	11,893	7,099	Exh 10.11
12	Communications				1,229	1,081	689	Exh 10.13
13	Administrative				484	706	391	Exh 10.13
14	Other Expense				1,531	1,521	397	Exh 10.13
15	Charges to Other Operations		0	0	(106,573)	(25,349)	(15,238)	
16	Sub-Total		0	0	5,862	43,981	48,778	
17	TOTAL		\$ 186,095	\$ 181,844	\$ 131,280	\$ 133,291	\$ 152,546	\$ 106,926

Waiola O Molokai
Treatment Charges & Chemicals
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
Line #	Description	Ref:	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	Test Year 6/30/10
1	Chemicals & Testing		\$619	\$5,776	(\$592)			\$0
2								
3	Treatment Expense		224	585				0
4								
5								
6	Total		\$843	\$6,361	(\$592)	\$0	\$0	\$0

Waiola O Molokai
Materials & Supplies
Test Year Ending June 30, 2010

Line #	Description	[1] Ref:	[2] 6/30/04	[3] 6/30/05	[4] 6/30/06	[5] 6/30/07	[6] 6/30/08	[7] Test Year 6/30/10
<u>WOM Direct Expense</u>								
1	Supplies for Operations		\$2,943	\$593	\$1,878	\$2,383	\$5,324	\$2,624
2	Uniforms		233			393	0	
3	Fuel for Vehicles		3,097	4,580	5,058	4,968	5,245	4,590
4	Cleaning		84	202	226	235	99	169
5	Sub-Total		6,357	5,375	7,162	7,979	10,668	7,383
<u>WOM Direct Charges Previously Charged from MPL thru a/c # 615</u>								
6	Fuel For Vehicles				6,241	5,791	6,561	6,198
7								
8	Sub-Total		0	0	6,241	5,791	6,561	
9	Total		\$6,357	\$5,375	\$13,403	\$13,770	\$17,229	\$13,581

Waiola O Molokai
Affiliated Charges
Test Year Ending June 30, 2010

Line #	Description	[1]	[2]	[3]	[4]	[5]	[6]	[7]
		Ref:	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	Test Year 6/30/10
1	Finance Dept Allocation		\$19,528	\$18,913	\$ 19,606	\$ 22,911	\$ 21,502	
2	Pro Forma For TY							\$ 18,000
3								
4								
5	Total		\$19,528	\$18,913	\$19,606	\$22,911	\$21,502	\$18,000

Waiola O Mclokai
Professional & Outside Services
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
Line #	Description	Ref:	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	Test Year 6/30/10
1	Engineering/Technical Services							
2								
3								
4	Legal Services		6,256	304	62			
5								
6								
7	Other Professional		4	5		48	11,313	
8								
9	Test Year Pro Forma							\$3,598
10	Total Professional and Outside Services		\$6,260	\$309	\$62	\$48	\$11,313	\$3,598

Waiola O Molokai
Repairs & Maintenance ("R & M")
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]
Line #	Description	Ref:	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	Test Year 6/30/10
<u>WOM Direct Charges</u>								
1	Plant		\$2,847	\$1,957	\$1,530	\$5,479	\$10,160	\$10,160
2	Vehicles		2,087	2,115	2,465	2,251	931	1,970
3								
4	Sub-Total		4,934	4,072	3,995	7,730	11,091	12,130
<u>WOM Direct Charges Previously Charged from MPL thru a/c # 615</u>								
5	R & M Charges				7,011	3,646	4,219	4,959
6								
7								
8	Sub-Total		0	0	7,011	3,646	4,219	
9	TOTAL		\$4,934	\$4,072	\$11,006	\$11,376	\$15,310	\$17,088

Waiola O Molokai
Rents
Test Year Ending June 30, 2010

# Line	Description	Ref:	[1]	[2]	[3]	[4]	[5]	[6]	[7]
			6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	6/30/08	Test Year 6/30/10
1	Property rental								\$0
2	Rent Expense								0
3	Vehicle & equipment rental		\$1,683	\$160					0
4									
5	Total		\$1,683	\$160	\$0	\$0	\$0	\$0	\$0

Waiola O Molokai
Insurance
Test Year Ending June 30, 2010

Line #	Description	[1] Ref:	[2] 6/30/04	[3] 6/30/05	[4] 6/30/06	[5] 6/30/07	[6] 6/30/08	[7] Test Year 6/30/10
<u>WOM Direct Expense</u>								
1	Insurance		\$3,672	\$11,207	\$10,873	\$8,424	\$5,029	\$8,000
2								
3								
4	Sub-Total		3,672	11,207	10,873	8,424	5,029	8,000
<u>WOM Direct Charges Previously Charged from MPL thru a/c # 615</u>								
5	Insurance				15,350	11,893	7,099	8,000
6								
7								
8	Sub-Total		0	0	15,350	11,893	7,099	
9	Total		\$3,672	\$11,207	\$26,223	\$20,317	\$12,128	\$16,000

Waiola O Molokai
Regulatory Expense
Test Year Ending June 30, 2010

		[1]	[2]	[2]
Line #	Description	Ref:	Amount	Total
	PREPARATION AND FILING			
1	Rate case consulting			
2	Regulatory		40,000	
3	Engineering			
4	Other			
5	Legal		20,000	
6	Travel		1,000	
7	Other non-labor		1,000	
8	Sub-Total			62,000
	DISCOVERY AND SETTLEMENT			
9	Rate case consulting			
10	Regulatory		25,000	
11	Engineering			
12	Other			
13	Legal		35,000	
14	Travel		2,000	
15	Other non-labor		1,000	
16	Sub-Total			63,000
	HEARINGS AND BRIEFING			
17	Rate case consulting			
18	Regulatory		10,000	
19	Engineering			
20	Other			
21	Legal		25,000	
22	Travel		3,000	
23	Other non-labor		2,000	
24	Sub-Total			40,000
25	Total			165,000
26	Amortization Period			3
27	Test Year expense			\$55,000

Waiola O Molokai
General & Administrative
Test Year Ending June 30, 2010

Line #	Description	[1] Ref:	[2] 6/30/04	[3] 6/30/05	[4] 6/30/06	[5] 6/30/07	[6] 6/30/08	[7] Test Year 6/30/10
<u>WOM Direct Expense</u>								
1	Travel		\$0	\$812	\$0	\$118	\$1,777	
2	Equipment Rental		20	68	75	69	84	
3	Admin & Off Supplies		576	1,243	684	500	277	
4	Telephone		22	85	39	61	49	
5	Cellular		1,113	903	832	704	439	
6	Postage		1,629	849	327	515	1,532	
7	Training					84	157	
8	Other		19	31			199	
9	Sub-Total		3,379	3,991	1,957	2,051	4,514	\$3,178
<u>WOM Direct Charges Previously Charged from MPL thru a/c # 615</u>								
10	Communications				1,229	1,081	689	1,000
11	Administrative				484	706	391	527
12	Other Expense				1,531	1,521	397	1,150
13	Sub-Total		0	0	3,244	3,308	1,477	
14	Total		\$3,379	\$3,991	\$5,201	\$5,359	\$5,991	\$5,855

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

EXHIBIT WOM 11

PRO FORMA REVENUE SUMMARY

(5 Pages)

Waiola O Molokai
Revenue Summary
Test Year Ending June 30, 2010

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	
Line #	Description	Meter Size	# of Cust Bills Or Water Usage	Base Rates Effective 1-13-93			Temporary Rates Effective 9-1-08			Proposed Rates		
				Monthly Rate	Annual Revenue [2]*[3]	Total Revenue	Monthly Rate	Annual Revenue [2]*[6]	Total Revenue	Monthly Rate	Annual Revenue [2]*[9]	Total Revenue
1	Rate Increase Percent								382.848%			
Monthly Customer Charge												
2	# of Customers (151) MRC	5/8" Meter	4,096	\$5.00	\$ 20,480		\$5.00	\$ 20,480	\$24.00	\$98,304		
3	# of Customers (152) MRC	3/4" meter	48	\$5.00	240		\$5.00	240	\$24.00	1,152		
4	# of Customers (153) MRC	1.0" Meter	204	\$10.00	2,040		\$10.00	2,040	\$48.00	9,792		
5	# of Customers (154) MRC	2.0" Meter	204	\$25.00	5,100		\$25.00	5,100	\$121.00	24,684		
6	# of Customers (158) MRC	8" Meter	12	\$250.00	3,000		\$250.00	3,000	\$1,207.00	14,484		
7	# of Customers (190) TPI	0	-	\$0.00	-		\$0.00	-	\$0.00	-		
8	# of Customers (241) KHY	0	12	\$0.00	-		\$0.00	-	\$0.00	-		
9	# of Customers (200) KWA	0	4	\$0.00	-		\$0.00	-	\$0.00	-		
10	Sub-Total					\$30,860			\$30,860		\$148,416	
Water Usage Charge												
11	Percent increase in Usage Charge								384.729%			
12	Water Use for Test Year (000 gallons)		50,000	\$1.85	92,500		\$5.15	257,500	\$8.9675	448,375		
13	Usage Revenue					92,500			257,500		448,375	
14	Total Revenue					\$ 123,360			\$ 288,360		\$ 596,791	
15	Revenue Increase to Temporary Rates						\$ 165,000					
16	Revenue Increase Over Temporary Rates								\$ 308,431			
17	Total Revenue Increase from Present Rates									\$ 473,431		

Waiola O Molokai
Summary - Customers & Usage
Test Year Ending June 30, 2010

Line #	Description	[1]	[2]	[3]	[4]	[5]
		Six Months Ended				Year Ended
		12/31/07	6/30/08	12/31/08	6/30/09	6/30/10
<u>5/8" meter (200)</u>						
1	Gallons billed in 000 gallons	27,239	20,845	25,258	-	
2	# of customers for Usage Billing	2,351	2,152	2,246	0	
3	Average Usage per Customer (000) (L 1 / L 2)	11.6	9.7	11.2	-	
<u>1.0" meter (201)- MIS</u>						
4	Gallons billed in 000 gallons	2,043	1,405	1,632	-	
5	# of customers for Usage Billing	7	6	3	0	
6	Average Usage per Customer (000) (L 4 / L 5)	291.9	234.2	543.8	-	
<u>1.0" meter (202)</u>						
7	Gallons billed in 000 gallons	1,635	943	994	-	
8	# of customers for Usage Billing	58	51	41	0	
9	Average Usage per Customer (000) (L 7 / L 8)	28.2	18.5	24.2	-	
<u>TOTAL ALL</u>						
10	Gallons billed in 000 gallons	30,917	23,193	27,884	-	50,000
11	# of customers for Usage Billing	2,416	2,209	2,290	0	4,580
12	Average Usage per Customer (000) (L 10 / L 11)	12.8	10.5	12.2	-	10.9
<u>Number of Customers for Monthly Charge</u>						
13	# of Customers (151) MRC	2,178	1,979	2,048	-	4,096
14	# of Customers (152) MRC	26	24	24	-	48
15	# of Customers (153) MRC	111	102	102	-	204
16	# of Customers (154) MRC	110	102	102	-	204
17	# of Customers (158) MRC	7	6	6	-	12
18	# of Customers (190) TPI	5	-	-	-	-
19	# of Customers (241) KHY	6	6	6	-	12
20	# of Customers (200) KWA	-	-	2	-	4
21	Total Customers For Monthly Charge	2,443	2,219	2,290	-	4,580

Waiala O Molokai
Monthly Customers & Usage 12 Mos Ended 6-30-08
Test Year Ending June 30, 2010

Line #	Description	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		# 2008						2009						Fiscal Year Ended 6/30/08
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
WA (100)														
1	Gallons billed in 000 gallons	3,169	-	8,300	8,018	3,243	2,528							25,258
2	# of customers for Usage Billing	363	363	368	381	385	386	0	0	0	0	0	0	2,246
3	Average Usage per Customer (000) (L 1 / L 2)	8.7	-	22.6	21.0	8.4	6.5	-	-	-	-	-	-	11.2
WA (115)														
4	Gallons billed in 000 gallons	852	-	780	-	-	-							1,632
5	# of customers for Usage Billing	1	1	1	0	0	0	0	0	0	0	0	0	3
6	Average Usage per Customer (000) (L 4 / L 5)	852.0	-	780.0	-	-	-	-	-	-	-	-	-	543.7
AG (130)														
7	Gallons billed in 000 gallons	210	-	784	-	-	-							994
8	# of customers for Usage Billing	10	10	21	0	0	0	0	0	0	0	0	0	41
9	Average Usage per Customer (000) (L 7 / L 8)	21.0	-	37.3	-	-	-	-	-	-	-	-	-	24.2
TOTAL ALL														
10	Gallons billed in 000 gallons	4,231	-	9,884	8,018	3,243	2,528	-	-	-	-	-	-	27,884
11	# of customers for Usage Billing	374	374	390	381	385	386	0	0	0	0	0	0	2,290
12	Average Usage per Customer (000) (L 10 / L 11)	11.3	-	25.3	21.0	8.4	6.5	-	-	-	-	-	-	12.2
Number of Customers for Monthly Charge														
13	# of Customers (151) MRC	334	334	342	342	348	348							2,048
14	# of Customers (152) MRC	4	4	4	4	4	4							24
15	# of Customers (153) MRC	17	17	17	17	17	17							102
16	# of Customers (154) MRC	17	17	17	17	17	17							102
17	# of Customers (158) MRC	1	1	1	1	1	1							6
18	# of Customers (190) TPI		-	-	0									-
19	# of Customers (241) KHY	1	1	1	1	1	1							6
20	# of Customers (200) KWA		-	1	1									2
21	Total Customers For Monthly Charge	374	374	383	383	388	388	-	-	-	-	-	-	2,290

Waiala O Molokai
Monthly Customers & Usage 12 Mos Ended 6-30-08
Test Year Ending June 30, 2010

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]
		2007						2008						
Line #	Description	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Fiscal Year Ended 6/30/08
WA (100)														
1	Gallons billed in 000 gallons	4,462	5,141	4,027	5,288	4,500	3,821	3,240	3,217	3,503	3,374	3,600	3,911	48,084
2	# of customers for Usage Billing	578	355	357	354	350	357	355	360	358	358	360	361	4,503
3	Average Usage per Customer (000) (L 1 / L 2)	7.7	14.5	11.3	14.9	12.9	10.7	9.1	8.9	9.8	9.4	10.0	10.8	10.7
WA (115)														
4	Gallons billed in 000 gallons	240	852	244	265	260	182	-	380	252	269	260	244	3,448
5	# of customers for Usage Billing	2	1	1	1	1	1	1	1	1	1	1	1	13
6	Average Usage per Customer (000) (L 4 / L 5)	120.0	852.0	244.0	265.0	260.0	182.0	-	380.0	252.0	269.0	260.0	244.0	265.2
AG (130)														
7	Gallons billed in 000 gallons	374	219	283	345	345	69	84	91	135	197	200	236	2,578
8	# of customers for Usage Billing	17	10	10	10	1	10	10	10	10	10	1	10	109
9	Average Usage per Customer (000) (L 7 / L 8)	22.0	21.9	28.3	34.5	345.0	6.9	8.4	9.1	13.5	19.7	200.0	23.6	23.7
TOTAL ALL														
10	Gallons billed in 000 gallons	5,076	6,212	4,554	5,898	5,105	4,072	3,324	3,688	3,890	3,840	4,060	4,391	54,110
11	# of customers for Usage Billing	597	366	368	365	352	368	366	371	369	369	362	372	4,625
12	Average Usage per Customer (000) (L 31 / L 32)	8.5	17.0	12.4	16.2	14.5	11.1	9.1	9.9	10.5	10.4	11.2	11.8	11.7
Number of Customers for Monthly Charge														
13	# of Customers (151) MRC	541	327	330	326	326	328	327	332	329	329	329	333	4,157
14	# of Customers (152) MRC	6	4	4	4	4	4	4	4	4	4	4	4	50
15	# of Customers (153) MRC	26	17	17	17	17	17	17	17	17	17	17	17	212
16	# of Customers (154) MRC	25	17	17	17	17	17	17	17	17	17	17	17	212
17	# of Customers (158) MRC	2	1	1	1	1	1	1	1	1	1	1	1	13
18	# of Customers (190) TPI	1	1	1	1	1						0		5
19	# of Customers (241) KHY	1	1	1	1	1	1	1	1	1	1	1	1	12
20	Total Customers For Monthly Charge	602	368	371	367	367	368	367	372	369	369	369	373	4,449
21	# of Customers (200) KWA		-	1	1									2
22	Total Customers For Monthly Charge	657	405	409	405	404	404	403	408	405	405	405	409	5,119

Waiola O Molokai
Monthly Customers & Usage 12 Mos Ended 6-30-09
Test Year Ending June 30, 2010

Line #	Description	[1] Meter Size	[2] # of Cust Bills Or Water Usage	[3] Monthly Rate	[4] Annual Revenue [2]*[3]	[5] Total Revenue	[6] Monthly Rate	[7] Annual Revenue [2]*[6]	[8] Total Revenue	[9] Monthly Rate	[10] Annual Revenue [2]*[10]	[11] Total Revenue	[12] Monthly Rate	[13] Annual Revenue [2]*[13]	[14] Total Revenue
				Base Rates Effective 1-13-93			Temporary Rates Effective 9-1-08			PHASE 1 - Revenue Increase			PHASE 2 - Full Proposed Rates		
1	Rate Increase Percent									93.5%			382.848%		
Monthly Customer Charge															
2	# of Customers (250)	5/8" Meter	4,098	\$5.00	\$ 20,480		\$5.00	\$ 20,480		\$18.00	\$ 73,728		\$24.00	\$98,304	
3	# of Customers (251)	1.0" Meter	48	\$5.00	240		\$5.00	240		\$18.00	864		\$24.00	1,152	
4	# of Customers (253)	1.5" Meter	204	\$10.00	2,040		\$10.00	2,040		\$36.00	7,344		\$48.00	9,792	
5	# of Customers (254)	2.0" Meter	204	\$25.00	5,100		\$25.00	5,100		\$90.00	18,360		\$121.00	24,684	
6	# of Customers (255)	3" Meter	12	\$250.00	3,000		\$250.00	3,000		\$895.00	10,740		\$1,207.00	14,484	
7	# of Customers (257)	6" Meter	-	\$0.00	-		\$0.00	-		\$0.00	-		\$0.00	-	
8	# of Customers (258)	8" Meter	12	\$0.00	-		\$0.00	-		\$0.00	-		\$0.00	-	
9	# of Customers (200) KWA	0	4	\$0.00	-		\$0.00	-		\$0.00	-		\$0.00	-	
10	Sub-Total					\$30,860			\$30,860			\$111,036			\$148,416
Water Usage Charge															
11	Percent Increase in Usage Charge												384.729%		
12	Water Use for Test Year (000 gallons)		50,000	\$1.85	92,500		\$5.15	257,500		\$8.6549	332,745		\$8.9675	448,375	
13	Usage Revenue					92,500			257,500			332,745			448,375
14	Total Revenue					\$ 123,360			\$ 288,360			\$ 443,781			\$ 598,791
15	Revenue Increase To Temporary Rates							\$165,000							
16	Phase 1 Revenue Increase									\$ 155,421					
17	Phase 2 Revenue Increase												\$ 153,010		
18	Total Revenue Increase from Present Rates														\$473,431
19	Percent of Phase 1 Increase above Present Rates											259.7%			
20	Percent of Phase 1 Increase above Temporary Rates											53.9%			
21	Percent of Total revenue Increase over Present Rates														383.8%
22	Percent of Phase 2 Increase over Phase 1 Revenue Level														34.5%
23	Effective Revenue Increase from Phase 1 Revenue											50.39%			

DOCKET NO. 2009-0049
WAI'OLA O MOLOKA'I, INC

EXHIBIT WOM-T-100

DIRECT TESTIMONY - ROBERT O'BRIEN

(37 Pages)

DIRECT TESTIMONY OF ROBERT L. O'BRIEN

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Q. Please state your name and business address.

A. My name is Robert O'Brien and my business address is 1753 Via Mazatlan, Rio Rico, Arizona 85648.

Q. By whom are you employed and what is your position?

A. I am the sole member of O'Brien Innovative Regulatory Solutions, LLC.

Q. Please describe your role in this proceeding.

A. I have been retained to assist Wai'ola O Moloka'i ("WOM" or the "Company") with the preparation and filing of their request for, among other things, general rate relief before the Public Utilities Commission of the State of Hawaii ("Commission") in this Docket.

Q. Please summarize your professional experience and educational background that relate to your presentation in this proceeding.

A. I formed O'Brien Innovative Regulatory Solutions in January 2008 on my retirement from Black & Veatch Corporation ("B&V"). Prior to January 2008, I was employed by B&V in its separate operating sector of the Enterprise Management Solutions as a Principal Consultant since January 2005 when B&V acquired R.J. Rudden Associates ("Rudden") where I was employed as a Vice President since January 2000. In my positions with B&V and Rudden, I have provided services to clients in the areas of Strategic Planning, State Regulatory Operations, Financial Planning, Administrative Cost Allocations, Rate Case

1 Preparation, Rate Case Management and Rate Case Model Design. Prior to
2 joining Rudden, I was employed by Citizens Communications Company
3 (formerly Citizens Utilities Company) ("Citizens") from 1975 to 1999, holding
4 the positions of Vice President, Strategic Planning and Regulatory Affairs for
5 Citizens' Public Utilities Sector (1997 to 1999) and Vice President, Corporate
6 Regulatory Affairs (1978 to 1997) and Manager of Special Studies (1975 to
7 1978). From 1967 to 1975, I was employed as a controller by companies in the
8 Printing, Educational, Financial and Communications industries. Prior to 1967, I
9 was employed by Ernst & Young and attained the status of Senior Auditor after
10 four years, including two years work experience during the 5-year work-study
11 program at the University of Cincinnati. I graduated from the University in 1965
12 with a Bachelor of Business Administration with a major in Accounting. I am a
13 Certified Public Accountant.

14 Q. Have you previously testified before the Commission or other regulatory
15 commissions?

16 A. Yes, I have testified before this Commission many times on behalf of Citizens'
17 Kauai Electric Division prior to 2000 and have presented testimony for 20 small
18 Hawaii water or wastewater utility companies since 2000. In all, I have testified
19 or presented testimony in over 200 proceedings before the state regulatory
20 commissions in Arizona, California, Colorado, Hawaii, Idaho, Illinois, Indiana,
21 Montana, Nevada, Ohio, Pennsylvania, Tennessee, Vermont and West Virginia
22 for utility operations of electric, natural gas, communications, water and sewer

1 utility companies. I have presented testimony in company specific proceedings
2 for general rate increases, commission ordered rate reviews, purchased energy
3 pass through proceedings, initial certification (aka CPCN) proceedings,
4 acquisitions and sales of utility companies, disaster relief requirements and
5 recovery of acquisition premiums. I have testified on the subjects of all rate base
6 elements including deferred income taxes and cash working capital and on
7 revenues, rate design and rate of return. In addition, I have testified regarding all
8 operating expenses including income taxes. Finally, I have testified in generic
9 proceedings related to income taxes, purchased energy pass through clauses and
10 changes in regulation of the communications and electric industries.

11 Q. What is the purpose of your testimony in this proceeding?

12 A. I will testify on behalf of WOM regarding:

- 13 1. The Company's organization, service territory, property and other matters;
- 14 2. The need for the revenue increase, the amount of the overall revenue
15 increase and other rate making matters;
- 16 3. The filing requirements;
- 17 4. The revenue requirement schedules;
 - 18 a. Overall Revenue Requirement;
 - 19 b. Rate base and related schedules;
 - 20 c. Revenues at present rates;
 - 21 d. Revenues at proposed rates;
 - 22 e. Operating expenses;

- f. Depreciation expense;
 - g. Income Taxes;
 - h. Revenue and Other Taxes;
- 5. Rate of Return;
 - 6. Rate Design;
 - 7. Automatic Power Cost Adjustment Clause; and
 - 8. Revised Rules and Regulations.

I will also present testimony regarding operational and other areas impacted by the rate case application including the reasons or justification for rate relief.

ORGANIZATION, SERVICE TERRITORY, AND PROPERTY

Q. Please provide a brief description of the Company's service territory.

A. WOM, a Hawaii corporation, is a public utility authorized by the Commission to provide water utility service to residential, commercial and agricultural customers. WOM is one of three affiliated entities under common ownership by Molokai Properties, Limited ("MPL"). WOM serves businesses, residences, churches and Maui County parks located in Maunaloa, Kualapuu, Kipu, Manawainui and the Molokai Industrial Park areas on the island of Molokai. A map of Applicant's authorized service territory is set forth on Exhibit A of WOM's "General Water Service Rules and Regulations Covering the Supply of Water to Consumers" issued on and effective as of January 13, 1993, pursuant to Decision and Order No. 12125 (hereinafter referred to as either "Tariff" or "Rules

1 and Regulations"). A summary description of WOM's plant or property is
2 provided in Exhibit WOM 1 and its most recent financial statements are included
3 in Exhibit WOM 2, Schedules 4 and 5. The Company's current base rates, other
4 than its water consumption rate, were approved by the Commission by Decision
5 and Order No. 12125, filed on January 13, 1993 in Docket No. 7122. The
6 Company's water consumption rate was authorized by the Commission in its
7 Order Approving Temporary Rate Relief for Molokai Public Utilities, Inc. and
8 Wai'ola O Moloka'i, Inc. in Docket No. 2008-0115, issued on August 14, 2008
9 ("Temporary Rate Order") as a temporary rate effective as of September 1, 2008.

10
11 **REVENUE INCREASE**

12 Q. Please describe the revenue increase the Company is requesting in this
13 proceeding.

14 A. As shown on Exhibit WOM 6, line 7, column 1, the total revenues for the test
15 year ended June 30, 2010 ("TY") at present rates are \$123,660 and the revenue
16 increase required is \$473,431 as shown on line 7, column 2. This results in a
17 revenue increase of approximately 382.85 percent as shown on line 38, which will
18 provide the Company with a recovery of its TY expenses and a return on its
19 average TY rate base of 2.00 percent.

20 Q. Do the revenues at present rates reflect the charges WOM is making to its
21 customers at this time?

1 A. No, they do not. The Company is currently charging customers under a
2 temporary water consumption charge authorized in Docket No. 2008-0115,
3 pursuant to the Temporary Rate Order.

4 Q. What is the difference between the present permanent rates and the temporary
5 rates authorized in Docket No. 2008-0115?

6 A. The only difference is that the present rates include a water consumption charge
7 of \$1.85 per thousand gallons while the temporary water consumption charge is
8 \$5.15 per thousand gallons.

9 Q. Have you prepared a schedule showing the revenues resulting from those rates?

10 A. Yes, I have. Exhibit WOM 11 shows the present rates and related annual revenue
11 (columns 3 to 5), the temporary rates and related annual revenue (columns 6 to 8)
12 and the proposed rates and related revenue (columns 9 to 11). As can be seen by
13 comparing columns 3 and 6, the only rate change under the temporary rates is the
14 water consumption rate on line 12.

15 Q. Is total revenue of \$597,091 shown on Exhibit WOM 6, column 3, line 7 the total
16 revenue the Company believes it is entitled to at this time?

17 A. No, the Company believes it is entitled to a return on its average TY rate base of
18 approximately 8.50 percent which is based on a recent settlement agreement
19 approved by the Commission and also on current capital costs.

20 Q. Why is the Company requesting a revenue increase that would provide it a return
21 on its average TY rate base of only 2.00 percent?

1 A. The Company recognizes that the revenue increase required to recover its
2 operating expenses by itself is significant and wants to mitigate the impact on its
3 customers from this filing, which follows closely with the temporary rate increase
4 authorized pursuant to the Temporary Rate Order. The use of the 2.00 percent
5 rate of return will provide a small return to the Company on its investment to
6 provide service to its customers while reducing the overall revenue requirement
7 and revenue increase required in this proceeding.

8 Q. Is the Company proposing any other measures to mitigate the impact of this
9 revenue increase on its customers?

10 A. Yes, the Company is also proposing to phase-in the revenue increase over two
11 periods. As described later, the Company is proposing a two-stage phase-in
12 allowing six months between the initial increase and the second increase. While
13 this will mean that the Company will not receive the full revenue increase
14 requested until the last phase proposed to be effective on approximately July 1,
15 2010 (assuming the application is processed within the six month period for small
16 utilities, which would make the first phase of the increase effective on or around
17 January 1, 2010), the Company again feels this is proper to allow its customers to
18 plan for the overall revenue increase. The rates for each of those phases are
19 shown on Exhibit WOM 11.3 in columns 9 and 12.

20
21 Q. Why is the Company filing this request for a revenue increase at this time?

1 A. The Company's filing is in response to Ordering Paragraph 8 (Part III, subpart 8)
2 of the Temporary Rate Order. In addition, the Company is seeking to recover its
3 operating expenses and a return on its investment for the TY ended June 30, 2010.

4 Q. Is the Company requesting a rate increase of 382.85 percent for all of its currently
5 approved rates?

6 A. Yes, it is. The Company has proposed an across-the-board increase in rates over
7 the present rates that were effective before the temporary rate increase in the
8 consumption charge. The change in rates is shown on Exhibit WOM 11.1
9 comparing column 1 (proposed rates) to column 3 (present rates).

10
11 **FILING REQUIREMENTS**

12 Q. Please describe Exhibit WOM 1.

13 A. Exhibit WOM 1 contains 2 pages, which include a brief description and listing of
14 the Company's property and equipment used to provide for the pumping,
15 treatment, and distribution of potable water to the Company's customers.

16 Q. Please describe Exhibit WOM 2.

17 A. This exhibit contains six schedules showing WOM's financial information.
18 Schedule 1 shows the Company's issued and outstanding stock. Schedule 2
19 presents the Common Stock outstanding as of the five years 2004 to 2008, while
20 Schedule 3 shows that the Company has no Security Agreements, Mortgages or
21 Deeds of Trust outstanding.

1 Q. Does the Company plan to execute any loans or other instruments of debt in the
2 near future?

3 A. No, the Company has no plans at this time.

4 Q. Please describe the remaining schedules in Exhibit WOM 2.

5 A. Schedule 4 presents the audited financial statements for the year ended December
6 31, 2008. Schedule 5 presents the unaudited financial statements for the eleven
7 months ended May 31, 2009 which are the latest available. Finally, Schedule 6
8 shows that the Company does not currently have any promissory notes, bonds, or
9 other indebtedness.

10 Q. What is contained in Exhibit WOM 3?

11 A. Exhibit WOM 3 contains detail related to WOM's property and equipment and
12 the related accumulated depreciation at June 30, 2008, 2009 and 2010.

13 Q. Please describe Exhibits WOM 4 and WOM 5.

14 A. Exhibit WOM 4 shows the present rate schedule for WOM, while Exhibit
15 WOM 5 sets forth the proposed rate schedule.

16

17 **REVENUE REQUIREMENT SUMMARY**

18 Q. Please describe Exhibit WOM 6.

19 A. This exhibit presents a summary of the results of operations at present and
20 proposed rates for the TY. In addition, it shows the rate of return at present rates,
21 the required revenue increase, and the resulting rate of return at the rates proposed
22 by the Company. The total revenue requirement of \$597,091 (line 7, column 3)

1 requires a revenue increase of \$473,431 (line 7, column 2), or approximately
2 382.85 percent (line 38), over the TY revenues at present rates of \$123,660 (line
3 7, column 1). This revenue requirement of \$597,091 is, as shown on Exhibit
4 WOM 11 at line 16, an increase of \$308,431 over the revenue at the temporary
5 rate level currently being charged to customers pursuant to the Temporary Rate
6 Order.

7 Q. Please describe the \$1 difference between the calculated revenue requirement
8 increase of \$473,430 on line 37 in column 1 and the \$473,431 on line 7 in
9 column 2 of Exhibit WOM 6.

10 A. This small difference is due to the fact that the \$473,431 is calculated using
11 monthly rates that are rounded to the nearest \$0.01 and water use rates that are
12 also rounded as shown on Exhibit WOM 11 while the \$473,430 is a calculation
13 that does not require rounding by customer charge or monthly usage rate. There
14 will usually be a small rounding difference between the calculated revenue
15 requirement, the \$473,430, and the revenue determined by the monthly and
16 commodity rates, \$473,431.

17 Q. Please describe Exhibit WOM 6.1.

18 A. This exhibit shows the calculation of the Gross Revenue Conversion Factor
19 ("GRCF") on lines 1 to 15 that is used to establish the revenue increase required.
20 It provides for the expenses that have to be recovered from increased revenue to
21 provide the net operating income increase required to have the opportunity to
22 achieve the rate of return determined reasonable in this proceeding. As shown on

1 lines 2 to 9, these expenses include bad debts, revenue taxes and income taxes.

2 Each of these expenses will vary with revenue levels. As shown on line 10, after
3 each of those expenses are deducted from revenue, there is 58.0059 percent of
4 revenue remaining for net income. This is used to determine the GRCF shown on
5 line 15 of 1.72396. As discussed in connection with the income tax calculation on
6 Exhibit WOM 7, the GRCF used on Exhibit WOM 6, line 36 of 1.6980, is lower
7 than the GRCF calculated on line 15 of Exhibit WOM 6.1 because of the
8 operating loss for the Company at present rates in the TY.

9 Q. Please describe Exhibit WOM 7.

10 A. Exhibit WOM 7 shows the income tax expense calculation at present and
11 proposed rates. The Company has used the statutory rates applied to the taxable
12 income in its calculations. The income tax calculation is shown in columns 5 to 7
13 for the revenue at present rates, the revenue increase and the revenue at proposed
14 rates, respectively. While each of the three calculations use the taxable income
15 appropriate for the heading and the statutory rates, there is a small difference
16 between the total of the income taxes at present rates plus the income taxes on the
17 revenue increase and the calculated income taxes at proposed rates. Line 13
18 shows the state income taxes at present rates of (\$24,926) in column 5 and
19 \$27,115 for the revenue increase in column 6. The net total of these two
20 calculated state income tax amounts is \$2,189 which is \$592 higher than the
21 calculated state income taxes at proposed rates of \$1,597 shown in column 7 on
22 line 13. This is due to the fact that a greater portion of the taxable income for the

1 rate increase (columns 3 and 6) is included in the highest tax bracket than in the
2 calculation of revenues at proposed rates (columns 4 and 7). It is the negative
3 taxable income at present rates which creates the need for the larger revenue
4 increase to attain the target rate of return at proposed rates. A similar difference is
5 reflected in the calculation of the Federal income tax on line 20. The correct
6 income tax expense at proposed rates is the \$6,486 shown on line 21 in column 7
7 of Exhibit WOM 7. This is the same amount shown on Exhibit WOM 6, line 27,
8 column 3. In order to achieve this income tax expense at proposed rates and the
9 target rate of return of 2.00 percent, a GRCF of 1.6980 (Exhibit WOM 6, line 36,
10 column 1) is used in place of the GRCF on Exhibit WOM 6.1, line 15 of 1.72396.

11 Q. Is the use of a GRCF that is slightly different from the calculated one reasonable
12 for the calculations in this proceeding?

13 A. Yes, I believe it is. The objective of the GRCF is to provide for the income taxes
14 at proposed rates to achieve the rate of return found reasonable in this proceeding.
15 This is necessary because of the anomaly created by the negative earnings at
16 present rates, and provides an accurate calculation for the net operating income at
17 proposed rates. In this instance, the GRCF on Exhibit WOM 6, line 36 is adjusted
18 to attain the rate of return of 2.00 percent used to determine the revenue
19 requirement and rate increase. The income tax calculation at proposed rates
20 provides confirmation that the GRCF is correct.

21 Q. What is contained on Exhibit WOM 8?

1 A. This exhibit shows the calculation of taxes on revenue pro forma at present and
2 proposed rates.

3 Q. Please describe Exhibit WOM 9?

4 A. Exhibit WOM 9 presents a summary of the rate base elements at June 30, 2009
5 and 2010 and the average rate base for the TY. The average rate base for the TY
6 is \$1,388,837 as shown on line 14, column 3. Each of these elements will be
7 discussed in connection with the separate schedules for each of the rate base
8 elements in Exhibit WOM 9.

9 Q. Please describe Exhibit WOM 9.1.

10 A. This exhibit shows the summary rate base calculations at June 30, 2009 and
11 June 30, 2010 with pro forma adjustments that are the basis for the summary
12 schedule presented in Exhibit WOM 9.

13 Q. Please describe Exhibit WOM 9.2.

14 A. Exhibit WOM 9.2 presents the plant-in-service detail at June 30, 2008 and for the
15 years ended June 30, 2009 and 2010 used to support the data presented on Exhibit
16 WOM 9.1. WOM's plant additions budgeted for the fiscal year 2009 is shown in
17 column 3 on line 23, which includes an addition to the meter reading equipment.
18 WOM's plant additions budgeted for the fiscal year 2010 is shown in column 7 on
19 line 25 and is comprised of a replacement vehicle. The total budget for the meter
20 reading equipment and meters of \$50,000 was split 60 percent for Molokai Public
21 Utilities, Inc. ("MPU") which will be included in the rate base additions for MPU
22 and 40 percent WOM. The vehicles are part of a replacement program where the

1 additions for 2009 are included as part of MPU and the additions for 2010 are
2 included as part of the WOM rate base.

3 Q. Please describe Exhibit WOM 9.3.

4 A. This exhibit shows the accumulated depreciation for the plant-in-service as shown
5 on line 27. The amounts for the beginning and end of the TY are in columns 6
6 and 10, respectively.

7 Q. What is contained on Exhibit WOM 9.4?

8 A. Exhibit WOM 9.4 contains the calculation of depreciation expense. The
9 depreciation expense for the test year is calculated in column 8 using the plant
10 balance in column 3 and the plant lives shown in column 4. The additions to
11 plant in the years ended June 30, 2009 and June 30, 2010 reflect a half of one year
12 in depreciation in the year of acquisition. The total TY depreciation expense is
13 \$136,619 as shown on line 25 in column 8.

14 Q. Please describe Exhibit WOM 9.5.

15 Q. Exhibit WOM 9.5 shows the customer deposits for the TY, which are used as a
16 reduction to rate base. The adjustment of \$5,629 in column 4 reflects the net
17 decrease from adjustments resulting from the audit work as of December 31,
18 2008. The balance of \$43,710 at June 30, 2009 and 2010 reflects the customer
19 deposits for the TY.

20 Q. What is contained on Exhibit WOM 9.6?

21 A. Exhibit WOM 9.6 shows the calculation of the accumulated deferred income
22 taxes ("ADIT") for the test year. The excess tax depreciation over book

1 depreciation is shown on line 33 at the beginning and end of the TY in columns 8
2 and 11. Using the composite Federal and State income tax rates from Exhibit
3 WOM 7 at present rate revenue, the ADIT shown on line 35 is used to reduce rate
4 base on Exhibits WOM 9 and WOM 9.1.

5 Q. Please describe Exhibit WOM 9.7.

6 A. This exhibit shows the Hawaii Capital Goods Excise Tax Credit ("HCGETC") for
7 the periods ending December 31, 2008 and 2009.

8 Q. Please describe Exhibit WOM 9.8.

9 A. This exhibit shows the calculation of the working capital using the formula
10 method which results in a working capital amount for the TY of \$32,346. This
11 method, which is used by the Commission for small utilities, uses one-twelfth of
12 the operating expenses as a surrogate for the working capital as shown on lines 17
13 to 19 of Exhibit WOM 9.8.

14 Q. What is working capital?

15 A. Working capital represents the funds that a utility must pay for the service it
16 provides to its customers before it receives payment from the customers for that
17 service.

18 Q. How can working capital be calculated?

19 A. There are several methods that can be used to determine the working capital
20 requirement for a utility. First, the method that is used mostly for small utilities,
21 such as WOM, is the formula method. Under this method, a factor is applied to
22 expenses and the result is used as an addition to rate base to represent the funds

1 provided by the investor. Another method is to conduct a lead-lag study which
2 measures the time it takes a customer to pay its bill for service and compares that
3 to the time it takes the utility to pay for providing the service. This process is
4 somewhat time consuming and generally not used for the smaller utilities.

5 Q. Does the formula method provide a reasonable amount of working cash for WOM
6 in this proceeding?

7 A. Yes, it does.

8 Q. What is contained on Exhibit WOM 10?

9 A. Exhibit WOM 10 presents a summary of the revenue and expense as recorded for
10 the years June 30, 2004 to June 30, 2008 and pro forma for June 30, 2010 at
11 present rates. The Company has provided only total revenue for the years 2004 to
12 2008 because the Company did not maintain its historic records to provide the
13 detail shown in Exhibits WOM 11 to 11.2 with regard to revenue or customers
14 and usage data. However, as described in connection with Exhibit WOM 11.2
15 and the related workpapers, the Company has provided individual customer usage
16 detail for the years ended June 30, 2007 and June 30, 2008 and has prepared a
17 comparative schedule showing the monthly usage data for those years.

18 Q. Has Molokai Properties Limited (MPL) changed its procedures for charging
19 WOM and the other affiliated entities' utility operations for operating expenses
20 incurred on behalf of those companies recently?

21 A. Yes, it has. Prior to December 2008, MPL recorded some of the expenses
22 required to provide service to the customers of WOM and the other utilities

1 owned by MPL on the accounting records of MPL, and then charged portions of
2 those expenses to the utilities monthly. The monthly charges to WOM were
3 included as Costs of Sales on the WOM and other utilities' accounting records as
4 appropriate. The charges for WOM are shown for the years 2004 to 2008 on
5 Exhibit WOM 10.3, lines 5 to 16 in columns 2 to 6. The expenses for the TY, as
6 shown in column 7 of Exhibit WOM 10.3, have been reduced to zero and those
7 expenses have been included on the schedule specifically associated with that
8 expense. For example, as shown on Exhibit WOM 10.1, the Salaries and Wages
9 previously included in the Cost of Sales are reflected on line 2 for the years 2006
10 to 2008 and included in the pro forma amount of \$98,030 for the TY on line 1.
11 This is also true for the charges for Employee Benefits on lines 4 to 8 and line 10,
12 and for Payroll Taxes on lines 13 to 15 and line 17.

13 Q. Why did MPL change its procedures for charging these expenses to the utility
14 operations?

15 A. Since MPL ceased its non-utility operations on the island of Molokai, there was
16 no reason to charge certain costs to a centralized location and then distribute them
17 to utility and non-utility operations. All expenses are currently being directly
18 charged to each company. If a charge needs to be allocated, the allocation is
19 completed before the charge is made to the specific company.

20 Q. How will you show the historic expenses that were included in the Cost of Sales
21 as part of the expenses for the TY?

1 A. As shown on Exhibit WOM 10.3, I have segregated the Cost of Sales expense
2 amounts and listed each of the major expense categories. The charges for these
3 expense categories for the years 2006 to 2008 are shown in columns 4 to 6. There
4 is no charge included for the TY in column 7. Column 7 reflects the exhibit
5 where those charges are included. Each of the charges will be discussed in
6 connection with the category expense schedule, such as for example Salaries and
7 Wages, Insurance and Communications.

8 Q. Please describe what is contained on Exhibit WOM 10.1.

9 A. Exhibit WOM 10.1 presents the Salaries and Wages ("S&W"), Payroll Tax and
10 Employee Benefits expenses for the years ended June 30, 2004 to 2008 and for
11 the TY ended June 30, 2010. The calculations of each expense category for the
12 TY are contained in Workpaper WOM 10.1.

13 Q. Please describe the charges from MPL as shown on Exhibit WOM 10.1.

14 A. The S&W expense charged directly on WOM is shown on line 1 as Direct S&W
15 for the years 2004 to 2008 and for the TY in column 7. The S&W charged to
16 WOM through the Cost of Sales is shown on line 2 for the years 2004 to 2008.
17 There is no S&W charged to WOM through the Cost of Sales category in the TY
18 because all of the S&W is charged direct on line 1. The calculations of the S&W
19 are contained on Workpaper WOM 10.1 The Employee Benefits charged direct
20 are shown on lines 4 to 8 with the Employee Benefits charged through Cost of
21 Sales shown on line 10. As with the S&W, there are no Employee Benefits
22 charges in Cost of Sales for the TY on line 10, because they are all included in the

1 direct charges on lines 4 to 8 of Exhibit WOM 10.1 as calculated on Workpaper
2 WOM 10.1. Finally, the Payroll Taxes reflect the same treatment on lines 13 to
3 15 of Exhibit WOM 10.1. The charges through Cost of Sales are reflected on line
4 17 only for the historic years and the TY reflects all direct charges for Payroll
5 Taxes as supported by the calculations on Workpaper WOM 10.1.

6 Q. Please describe Workpaper WOM 10.1.

7 A. This workpaper contains three pages. Page 1 shows the calculation of the total
8 S&W expense for the test year and the distribution of the total to WOM, MPU
9 and MOSCO, Inc. ("MOSCO"), a wastewater utility affiliated with WOM.
10 Page 2 of Workpaper WOM 10.1 shows the distribution of the Payroll Taxes and
11 Employee Benefits charged to WOM. The calculation of each of the components
12 for the TY is shown on page 3. The TY S&W calculation, shown on lines 11 to
13 19 of page 1 of Workpaper WOM 10.1, is based on the employees currently
14 working on the three operating utilities (WOM, MPU and MOSCO), and is
15 distributed based on the employees' time sheets in 2008. The percent assigned to
16 each utility for each employee is shown in columns 5, 6 and 7 and the resulting
17 S&W distribution is shown in columns 8, 9 and 10 for MPU, WOM and MOSCO,
18 respectively. The S&W for the TY was increased by 3.0 percent to allow for a
19 wage increase on July 1, 2009. In addition, a provision was made for a new
20 employee hire (Employee # 8) effective July 1, 2009, who will work on needed
21 maintenance projects for each of the three utilities. The total S&W to WOM for

1 the test year is \$98,030 as shown on line 19 in column 9 of page 1 of Workpaper

2 WOM 10.1 and on Exhibit WOM 10.1 on line 3, column 7.

3 Q. Is the pro forma TY amount for S&W for WOM reasonable?

4 A. Yes, the Company believes that the employee levels in 2009 and the test year are

5 required for the provision of safe and reliable service to the customers of MPU,

6 WOM and MOSCO, and are accurately distributed based on the calculations

7 contained in Workpaper WOM 10.1. As shown on Exhibit WOM 10.1, line 3, the

8 total S&W has increased slightly over the total payroll for the year 2007, before

9 the reorganization was implemented. The total S&W for the TY is approximately

10 \$5,400 over the 2007 total S&W, which is equal to an annual increase of

11 approximately 3.0 percent.

12 Q. Please describe the calculations of the Payroll Taxes and Employee Benefits for
13 the TY.

14 A. Those calculations are shown on page 3 of Workpaper WOM 10.1 by employee

15 and by type of tax or benefit. Lines 1 to 14 show the calculations for the year

16 ended June 30, 2009 and lines 16 to 30 show the calculations for the TY. The

17 Company has included an increase of 5.0 percent (line 15) for medical and dental

18 costs. The amounts by employee for the TY shown on lines 22 to 29 of page 3

19 were brought forward to page 2 of the Workpaper on lines 1 to 8, and distributed

20 to WOM on lines 10 to 17 using the percent by employee shown in column 1 on

21 page 2. The totals on line 18 of page 2 were brought forward to Exhibit

22 WOM 10.1, column 7. The TY total of \$43,419 is shown on page 2 of

1 Workpaper WOM 10.1, column 11, line 18 and also on Exhibit WOM 10.1

2 column 7, line 23.

3 Q. Why have the medical and dental charges shown on Exhibit WOM 10.1 on line 4
4 in column 7 for the TY increased?

5 A. This is due to the reorganization which has shown that the total benefit costs have
6 not been correctly allocated to the utility operations in the past. As shown on
7 page 3 of Workpaper WOM 10.1, the monthly medical premiums for each
8 employee are being directly charged to the utility operations for the employees
9 working on utility operations. The TY charges reflect this direct charge while the
10 prior years reflected a corporate allocation and, as shown by the TY calculations,
11 were not correctly charged to the utilities.

12 Q. What is the total pro forma expense for the TY?

13 A. As shown on Exhibit WOM 10.1, line 20, column 7, the total expense for S&W,
14 Employee Benefits and Payroll Taxes is \$141,449 which is reasonable for the TY
15 for WOM.

16 Q. How were the electric expenses shown on Exhibit WOM 10.2 determined?

17 A. Exhibit WOM 10.2 presents the electric expense for the historic and TY periods.
18 The TY amount for electric expense is calculated on page 1 of Workpaper
19 WOM 10.2 which consists of 2 pages in total.

20 Q. Please describe how the electric expense for the TY was determined.

21 A. As shown on page 2 of Workpaper WOM 10.2, the Company used the historic
22 energy usage and costs to develop the pro forma amounts for the TY. The data in

1 columns 1 to 4 show the data for the Kualapuu Pump, which represents
2 approximately 70 percent of the total electric costs, has shown a decrease in kWh
3 usage from July 2006 to December 2008, which supports the decrease in customer
4 usage described by the Company in connection with TY water use and revenue
5 calculations for the TY. Line 42 shows the TY estimates for kWh (columns 2, 6
6 and 10) and also the cost per kWh from the December 2008 billings (columns 4, 8
7 and 12). These amounts are shown on page 1 of Workpaper WOM 10.2.

8 Referring to page 1, estimates for the three meter locations are shown on lines 1 to
9 9 and the total pro forma expense for the TY, \$10,656, is shown on line 10.

10 These amounts have been brought forward to Exhibit WOM 10.2 in column 7 on
11 lines 1, 2 and 3. Lines 11 to 13 of page 1 of Workpaper WOM 10.2 show the
12 calculation of the electric expense per thousand gallons of water sales that will
13 serve as the base for the automatic power cost adjustment clause ("APCAC").

14 Q. Is the Company proposing to implement an APCAC in this proceeding?

15 A. Yes. The APCAC will be described later in my testimony.

16 Q. Please describe Exhibit WOM 10.3.

17 A. Exhibit WOM 10.3 shows the Cost of Sales expenses for the years 2004 to 2008
18 and also shows, where applicable, which schedules those costs have been
19 included with in this presentation in column 7, TY 6/30/10. As discussed earlier,
20 MPL has closed its non-utility operations on the island of Molokai and has
21 changed its accounting procedures to reflect direct charges for all expenses
22 associated with the operations of the utilities. The old procedures included some

1 direct charges to specific expenses accounts, such as S&W, and some
2 distributions of charges through a Cost of Sales category. MPL has eliminated the
3 Cost of Sales procedure and, since December 2008, is charging expenses directly
4 to the operating utility, MPU, WOM or MOSCO. In order to correctly reflect
5 these expenses in the TY and to ensure they are not double-counted or missed,
6 column 7 shows the related exhibit where these costs have been calculated for the
7 TY. Each expense category will be discussed in connection with those exhibits.

8 Q Please describe the Cost of Sales expenses shown on lines 1 to 4 of Exhibit
9 WOM 10.3 that have been and continued to be directly charged to and recorded
10 on WOM's accounting records

11 A. Line 1 shows the charges for the water delivered to WOM through the MPU
12 connection at Kualapuu. These charges are based on the measured water flow
13 through the meter at a fixed rate, which is lower than the rate charged to MPU's
14 retail customers.

15 Q. Why is the rate charged to WOM lower than the rate charged to MPU's retail
16 customers?

17 A. The main reason is that the water delivered to WOM at the Kualapuu meter is
18 delivered directly from Well 17, which is prior to the delivery to Molokai
19 Irrigation System ("MIS") and also prior to the pumping activity at Mahana and
20 the treatment process at Puunana. The lower cost to WOM at the Kualapuu meter
21 reflects the fact that MPU does not incur those pumping and treatment costs, and
22 therefore should not include them in the rate charged to WOM at that location.

1 Q. Why has the cost for this water increased so significantly from the \$26,612 for the
2 year ended June 30, 2008 to the \$55,926 for the TY?

3 A. The 2008 amount is based on the rate of \$1.25 per thousand gallons of water,
4 which is the rate that has been in effect since 1993 when WOM's rates were
5 initially set, while the TY amount is based on the proposed rates included in the
6 application filed by MPU with this Commission.

7 Q. Please explain the expense shown on line 2 of Exhibit WOM 10.3.

8 A. This expense is for the water delivered to WOM's customers at Kalae. The
9 Department of Hawaiian Homelands ("DHHL") provides water through a meter
10 to WOM's customers in Kalae, and charges WOM directly for that water.

11 Q. What are the charges for the Potable Water at Puunana?

12 A. These charges reflect the fact that the mountain water provided for the WOM
13 customers is treated by MPU at the Puunana facility prior to being delivered at the
14 Maunaloa connection.

15 Q. How are those charges determined?

16 A. Those charges were estimated based on the charges for the fiscal year ended June
17 30, 2008.

18 Q. Please describe the charge on line 4.

19 A. The charge on line 4 of Exhibit WOM 10.3 represents a rental charge, which was
20 initiated in 2008 for the use of MPL's mountain facilities for the collection and
21 transportation of water used by the customers of WOM.

22 Q. Are any charges for the use of these facilities included in this rate application?

1 A. No. MPL has not developed a charge for the use of these facilities and therefore
2 has not included a charge to WOM in the expenses in this application.

3 Q. How are these facilities being maintained?

4 A. The existing employees are maintaining the facilities to ensure the continued
5 supply of water for WOM customers. The charges for the employees' services
6 are included in the S&W expense reflected in Exhibit WOM 10.1 and charges for
7 repair and maintenance activities and materials and supplies are included in the
8 charges on Exhibits WOM 10.9 and WOM 10.5, respectively.

9 Q. Please describe the remaining data on Exhibit WOM 10.3, lines 5 to 16.

10 A. Those lines reflect the categories of charges included in the MPL distributions for
11 the years 2006 to 2008 and reflect the exhibits where those charges are included
12 for the TY in column 7.

13 Q. Please explain the charges to other operations shown on line 15.

14 A. These charges were part of the costs for the delivery of the mountain water that
15 were charged to other operations in prior years. Since those operations do not
16 currently exist, those charges are not distributed to those operations in the TY.

17 Q. What is contained on Exhibit WOM 10.4?

18 A. This exhibit shows the charges for chemicals and treatment for the historic years
19 and also shows that there are no separate charges for the TY.

20 Q. Please explain Exhibit WOM 10.5.

21 A. This exhibit shows the historic expense for Materials & Supplies for the years
22 ended June 30, 2004 to 2008 and pro forma for June 30, 2010 for the direct

1 charges on lines 1 to 4 with the TY amounts shown in column 7 on lines 1 and 3
2 which were based on an average of the expenses for 2004 to 2008, which should
3 be used for the TY. The Materials & Supplies that were included in the Cost of
4 Sales are shown on line 6 and reflect a TY amount of \$6,198 as shown in column
5 7, for a total TY pro forma expense of \$13,581.

6 Q. Please describe Exhibit WOM 10.6.

7 A. Exhibit WOM 10.6 shows the historic and pro forma amounts for Affiliated
8 Charges for the years ended June 30, 2004 to 2008. The TY amount reflects the
9 Company's historic level of charge for administrative services of \$1,500 per
10 month.

11 Q. Is that level commensurate with the administrative services currently being
12 provided by MPL at this time?

13 A. No, it is not. The Company believes that the current level of support provided by
14 employees of MPL is greater than those provided in prior years and should be
15 increased. However, the Company does not have historic data to support the level
16 of services at this time and therefore is maintaining the historic charge level
17 instead of increasing it at this time.

18 Q. What is contained on Exhibit WOM 10.7?

19 A. Exhibit WOM 10.7 shows the Professional and Outside Service expenses,
20 including legal expenses, pro forma for the TY. The Company has estimated an
21 amount for the TY of \$3,598 which is the average of the five historic years.

22 Q. Please describe what is presented on Exhibit WOM 10.8.

1 A. This exhibit shows the historic and pro forma amounts for Repairs and
2 Maintenance ("R&M") expenses. Line 1 shows the R&M expense for the utility
3 plant and operating systems, which have varied significantly over the last five
4 years. Based on the current R&M requirements at WOM, the Company believes
5 that an average of these five prior years is not reasonable for the test year. The
6 Company believes that the level incurred in 2008, \$10,160 will be more in line
7 with maintenance in fiscal year ended June 30, 2009 and the TY. The Company
8 has used the five-year average for the vehicle maintenance, which results in an
9 annual R&M expense for vehicles of \$1,970 as shown on line 2. Based on those
10 amounts, the Company estimates direct R&M expense for the TY of \$12,130.
11 The additional R&M charges which were included in the Cost of Sales from
12 Exhibit WOM 10.4, results in an additional R&M expense of \$4,959 as shown on
13 line 5. The total R&M expense for the TY is \$17,088 as shown on line 9 in
14 column 7.

15 Q. What is contained on Exhibit WOM 10.9?

16 A. Exhibit WOM 10.9 shows that there are no charges for rent expense for the TY.

17 Q. Please describe Exhibit WOM 10.10.

18 A. This exhibit shows the amount of Ensurance expense allocated to WOM for the
19 years 2004 to 2008 and the summary of the pro forma amount for the TY.

20 Q. How were the allocations determined for the TY?

21 A. The TY expenses were based on estimates for the 2010 TY.

22 Q. Please describe Exhibit WOM 10.11.

1 A. This exhibit reflects the total Regulatory Expense and the annual amortization for
2 the rate case expense. The expense for each phase was estimated for Rate Case
3 Consulting, Legal, Travel and Other. The estimates for each expense element
4 were based on the experience of the regulatory consultant and attorneys retained
5 by the Company to assist in processing this application. These costs will be
6 updated and replaced with actual expenses and updated estimates as the case
7 proceeds. In the event the parties reach a settlement in this case, and there is no
8 need for the Hearings and Briefing phase, those estimated costs should be
9 removed during the determination of the settlement revenue requirement.

10 Q. What is the total estimated Regulatory Expense for this rate case?

11 A. The total estimate for expenditures for this application, as shown on line 25 of
12 Exhibit WOM 10.11, is \$165,000. If there is no need for hearings in this case, the
13 estimated total would be \$125,000, which would remove the \$40,000 estimated
14 on lines 17 to 24 for the Hearings and Briefing phase. However, those amounts
15 could increase or decrease based on the actual and updated expenses as processing
16 of this rate case proceeds.

17 Q. What is the amortization period recommended by the Company to recover the
18 regulatory expense?

19 A. The Company is recommending a three-year amortization period. The Company
20 plans to file more frequent rate cases to avoid significant rate increases and also to
21 obtain an increase in its rate of return to a level appropriate for ongoing earnings
22 for a regulated water utility.

1 Q. What is the amount of amortization that should be included in expense in this
2 proceeding?

3 A. That amount is \$55,000 as shown on Exhibit WOM 10.11, line 27.

4 Q. What is contained on Exhibit WOM 10.12?

5 A. This exhibit contains the General and Administrative expenses, estimated at
6 \$3,178 for the direct charges for the TY as shown on line 9. These expenses
7 include travel expenses, equipment rental, office supplies, communications,
8 postage, etc., and are based on the level of costs in prior years and are shown for
9 each of the expense categories separately. Lines 10 to 12 show the administrative
10 expenses that were included in the Cost of Sales from Exhibit WOM 10.3, which
11 totals \$2,677 for the TY. The Company believes that the total of these expenses,
12 as shown on line 14 in column 7 of \$5,855, is reasonable for the TY.

13 Q. Please describe Exhibit WOM 11.

14 A. This exhibit contains a summary of the Company's annual revenues at present,
15 temporary and proposed rates for the monthly customer charge and for the
16 customer usage charges. The revenue increase percent, determined on Exhibit
17 WOM 6 is shown on line 1 in column 9. This is the factor used to increase the
18 present rates shown in column 3 to the proposed rates in column 9. Lines 2 to 9
19 reflect the revenue from the monthly customer charges at present rates by meter
20 size in columns 3 to 5, temporary rates in columns 6 to 8 and proposed rates in
21 columns 9 to 11. The revenue from customer usage is shown on line 12 at present
22 and proposed rates. The percent increase factor for the usage charge shown on

1 line 11 in column 9 of 384.729 percent, is slightly different from the 382.848
2 percent shown on line 1, column 9, because of the rounding of the monthly
3 customer charge. This slight difference in the percent establishing the proposed
4 rates permits full recovery of the required revenue levels. The total revenue at
5 present rates is shown in column 5 on line 14, the total revenue at temporary rates
6 in column 8 and the total revenue at proposed rates shown in column 11. The
7 revenue increase shown on line 17, the total of the increase at temporary rates
8 (\$165,000) and to proposed rates (\$308,431) for a total of \$473,431 is brought
9 forward to Exhibit WOM 6 in column 2 on line 7.

10 Q. Why have you included columns to show the revenue at temporary rates in your
11 revenue presentation?

12 A. I have included these columns to show the current impact on customers from the
13 rates currently being charged to customers (temporary rates) to the proposed rates.
14 While the percent increase shown in column 9 on lines 1 and 11 is calculated
15 based on the present rates pursuant to the Commission's Order issued on April 2,
16 2009 in this docket, I think it is important to also show the actual current impact
17 on customers using the temporary rates.

18 Q. How were the customer bill and usage levels for the TY determined?

19 A. The customer bills and customer usage for the TY were based on the number of
20 customer bills for the six months ended December 2008. These amounts are
21 shown on Exhibit WOM 11.1.

22 Q. Please describe Exhibit WOM 11.1.

1 A. Exhibit WOM 11.1 shows the number of customer bills and usage by meter size
2 summarized by six month periods ended December 2007, June 2008 and
3 December 2008. This data is summarized on lines 10 to 12 for the usage and
4 lines 13 to 20 for the customer charges.

5 Q. How did you determine the level of customer usage for the TY?

6 A. The Company used the actual water used for the six month period ended
7 December 2008, doubled for a full year and reduced by 10 percent to reflect
8 recent reductions in usage. The customer usage for the comparable six months
9 ended December from 30.9 million gallons in 2007 to 27.9 million gallons in
10 2008, which is an approximately 3.0 million gallons or approximately 10 percent.

11 Q. How did you determine the number of customer bills for the TY?

12 A. As can be seen by comparing columns 5 and 3 on Exhibit WOM 11.1, I used the
13 number of customer bills for the six months ended December 2008 times two, on
14 the assumption that the number of customers would not change from
15 December 2008 through the TY.

16 Q. Please describe Exhibit WOM 11.2.

17 A. This exhibit shows the monthly data that was summarized on Exhibit WOM 11.1.
18 The monthly data shown on this exhibit is from the actual monthly billing
19 summaries retained by the Company.

20
21 **RATE OF RETURN**

22 Q. Please describe the rate of return ("ROR") used by the Company in this filing.

1 A. The Company believes a ROR of at least 8.50 percent would be appropriate based
2 on a review of Commission approvals of recent settlements in other water and
3 wastewater utility general rate case applications and on general financial
4 conditions existing currently. However, as discussed earlier in my testimony, the
5 Company is requesting revenue levels based on a ROR of 2.00 percent.

6 Q. Please briefly describe why the Company is requesting a ROR of 2.00 percent
7 when the Company believes a ROR of 8.50 percent is reasonable.

8 A. The Company wanted to reduce the impact on its customers from this filing,
9 which follows closely with the temporary rate increase authorized by the
10 Commission in the Temporary Rate Order. The use of the 2.00 percent rate of
11 return will provide a small return to the Company on its investment to provide
12 service to its customers while reducing the overall revenue requirement and
13 revenue increase required in this proceeding.

14 Q. What is the Company's position regarding reductions in revenue requirement
15 which would not be large enough to increase the ROR so that it exceeds the
16 8.50 percent the Company believes is reasonable?

17 A. The Company's position is that any changes in the Company's revenues, expenses
18 or rate base that would affect the ROR should not reduce the Company's revenue
19 requirement until those changes plus the requested revenue increase of \$473,431
20 exceeds the 8.50 percent ROR. For example, if this case is settled and the
21 Regulatory Expense amortization for the Hearings and Briefing stage is
22 eliminated, the Company's TY expenses before income taxes would be reduced

1 by \$13,333 and the 2.00 percent ROR would be increased to 2.09 percent. This
2 procedure would not penalize the Company for its willingness to set its proposed
3 rates at a lower ROR than is supportable in Hawaii regulatory proceedings and
4 allow it to have a revenue increase that covers the Company's operating expenses
5 and provides a small return on its investment.

6 **RATE DESIGN AND RATE INCREASE PHASE-IN**

7 Q. Have you prepared a cost study to establish the proposed rates and revenue
8 distributions?

9 A. No, I have not. The Company believes its existing rate structure which includes a
10 monthly fixed customer charge and a flat rate for water consumption is a
11 reasonable structure at this time

12 Q. Is the Company proposing a phase-in of the requested revenue increase?

13 A. Yes, it is.

14 Q. Please describe the revenue increase phase-in the Company is proposing.

15 A. The Company is proposing a two-stage phase-in. As shown on Exhibit
16 WOM 11.3 each phase-in stage is equal to one-half of the remaining revenue
17 increase requirement above the revenues currently provided by the temporary
18 rates. The first phase would be for an increase of approximately 259.7 percent
19 (line 19) above revenues at present rates and 53.9 percent (line 20) above
20 revenues at temporary rates. This results in a revenue increase for Phase 1 of
21 \$155,421 (line 16). The second phase, which would be effective six months after
22 the initial increase, would be for the remainder of the increase, \$153,010 (line 17).

1 The total of the temporary revenue increase (\$165,000 on line 15), the Phase 1
2 increase (\$155,421 on line 16) and the Phase 2 increase (\$153,010 on line 17)
3 equals the total increase from present rates to proposed rates of \$473,431 in
4 column 14 on line 18.

5 Q. Why has the Company selected equal amounts for the phase-in?

6 A. The Company's proposal will permit the Company to recover its cash expenses
7 from the revenue increase in the first phase and then recover its non-cash
8 expenditures and the small return on investment from the remaining increase in
9 the second phase. This will provide the customers with a staged increase,
10 reducing rate shock and still provide the Company with sufficient revenues to
11 cover its cash operating expenditures from the initial increase.

12
13 **AUTOMATIC POWER COST ADJUSTMENT CLAUSE**

14 Q. Please describe the Company's proposal to establish an automatic power cost
15 adjustment clause ("APCAC") to reflect changes in the cost of electric power
16 from the electric costs used to set base rates in this proceeding.

17 A. The Company proposes to establish an APCAC to recover increases or decreases
18 in electric costs incurred by the Company in providing water service to its
19 customers that uses the same procedure recently approved for another water
20 company. This procedure uses the electricity costs and the water usage for the
21 month to calculate the electricity cost per thousand gallons ("EC/TG") for a
22 current month ("Current Month Electric Cost"). The Base Electricity Cost, shown

1 on Workpaper WOM 10.2, line 13 of \$0.2131 per thousand gallons ("TG") is then
2 deducted from the monthly Current Month Electric Cost and the resulting amount
3 is multiplied by the gross-up factor to provide for the revenue taxes and that
4 resulting amount per TG is multiplied by each customer's monthly usage. For
5 example, if the Current Month Electric Cost is \$0.21000 per TG, the change
6 would be a decrease of \$0.0031 per TG which would be multiplied by the gross-
7 up factor of 1.068205 and the resulting \$0.0032 would be applied to reduce the
8 next monthly customer bill. The monthly formula will be:

9
$$((\text{Current Month Electric Costs} / \text{TG's}) - \$0.2131) * 1.068205).$$

10 Q. What is the 1.068205 factor?

11 A. The 1.068205 factor is the multiplier necessary for the Company to charge
12 customers for the APCAC and provide for the revenue taxes on gross revenues.

13
14 **REVISED RULES AND REGULATIONS**

15 Q. Is the Company proposing any changes to its Rules and Regulations?

16 A. Yes. In addition to proposed revisions to the Company's existing water rate
17 schedules to implement the proposed rate changes requested, as described in the
18 Application and Attachment 1, the Company proposes to amend or revise Rule 20
19 of its existing Rules and Regulations or Tariff to increase its service reconnection
20 fee from \$50.00 to \$100.00.

21 Q. What is the reason for this change?

1 A. The existing \$50.00 reconnection fee, which was established in 1993, is too low
2 to sufficiently allow the Company to recover its costs of having to disconnect and
3 then reconnect service. The proposed increase to \$100.00 is intended to assist in
4 defraying the costs associated with disconnecting and reconnecting a customer's
5 utility service.

6 Q. How did you come up with this new \$100.00 charge?

7 A. The \$100.00 charge was estimated by the Company to include the time for an
8 operations employee to physically visit the customer's premises twice, once to
9 disconnect and again to reconnect service plus the time for administrative
10 personnel to handle the necessary paperwork associated with the disconnection
11 and reconnection activity. In addition, the Company believes that the
12 reconnection could occur at a time when overtime rates would apply for the
13 operations personnel.

14 Q. How many customers have been charged the existing reconnection fee in the past
15 year?

16 A. To date, including during this past year, no customers of the Company have had
17 to be reconnected. However, in light of the recent economic downturn, the
18 Company recognizes the possibility that such reconnections may occur in the
19 future. Accordingly, the Company is seeking to increase this charge to an amount
20 that will at least allow the Company, as stated above, to partially offset the costs
21 that would be incurred as a result of disconnecting and reconnecting a customer's
22 utility service.

1 Q. Have you provided any calculations to show the increase in revenue that this
2 increase in charges would provide?

3 A. No. Because no reconnections have occurred, no revenues have been collected
4 for this charge. In addition, because the Company does not know that any
5 reconnections will occur in the future, no revenues from this fee have been
6 included for test year purposes.

7 Q. Does this complete your testimony at this time?

8 A. Yes, it does.

DOCKET NO. 2009-0049
WAI`OLA O MOLOKA`I, INC

ATTACHMENT 1

PROPOSED REVISIONS TO
RULES & REGULATION

(1 Page)

RULE 20
RESTORATION OF WATER SERVICE

If water service is discontinued because of failure to pay a bill, for violation of any of the Rules and Regulations of the Company, or for other reasons, all outstanding accounts owed by the Consumer to the Company, plus a reconnection charge of \$1000.00, must be paid before water service will be restored.

RULE 21
INGRESS TO AND EGRESS FROM CONSUMER'S PREMISES

Any authorized officer, employee, agent, or representative of the Company bearing proper credentials and identification shall have the right of ingress to and egress from the Consumer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of water or other service to said premises and the exercise of any and all rights secured to it by law or these Rules and Regulations. In case any such person is refused admittance to any premises, or being admitted shall be hindered or prevented from carrying out his duties, the Company may cause the water to be turned off to said premises after giving twenty—four (24) hours' written notice to the owner or occupant of said premises of its intention to do so.

RULE 22
NON-POTABLE SERVICE

In addition to the application of all other Rules where appropriate, the following Rules apply specifically to the service of non-potable Irrigation water:

22.1 Water Quality. No claim is made as to the suitability of the water for the irrigation of specific crops. The Company assumes no liability for the changing characteristics of the water or damage to crops or irrigation systems caused by the water.

22.2 Water Quantity. The Company will use all reasonable means for providing a uniform and adequate supply of water and distributing it in an equitable manner but cannot be held liable for damage to crops associated with inadequacies in supply.

22.3 Damage to Mainlines and Valves. All irrigation systems will be operated in such a manner as not to cause damage or accelerated wear on mainlines, valves, and other devices in the Company's system. This is related to, but not limited to, the use of slow closing valves which in the opinion of the Company limit peak water hammer pressures to acceptable values. Any damage to the Company's system caused by the

DOCKET NO. 2009-0049
WAI'OLA O MOLOKA'I, INC

WORKPAPERS

(WOM 10.1 and 10.2)

(5 Pages)

Waiola O Molokai
Test Year Ending June 30, 2010

Workpaper WOM 10.1
Application Filed March 2009
Witness O'Brien
Page 1 of 3

Salaries & Wages Expense

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Line #	Description	Factor Or Reference	Hourly Rate	# of Hours	ANNUAL Salary/Wage [2] * [3]	Percent Charged To			S & W Charged To		
						MPU	WOM	MOSCO	MPU [4] * [5]	WOM [4] * [6]	MOSCO [4] * [7]
<u>Salaries & Wages - Year End 6/09</u>											
1	Employee # 1		\$ 28.85	2080	\$ 60,008	45%	45%	10%	\$ 27,004	\$ 27,003	\$ 6,001
2	Employee # 2		\$ 17.31	2080	36,005	43%	45%	12%	15,482	16,202	4,321
3	Employee # 3		\$ 13.45	2080	27,976	45%	40%	15%	12,589	11,191	4,196
4	Employee # 4		\$ 13.05	2080	27,144	45%	45%	10%	12,215	12,215	2,714
5	Employee # 5		\$ 11.37	2080	23,650	95%	5%	0%	22,468	1,182	-
6	Employee # 6		\$ 22.60	2080	47,008	70%	20%	10%	32,906	9,401	4,701
7	Employee # 7		\$ 14.00	2080	29,120	33%	34%	33%	9,610	9,900	9,610
8	Total	L 1 to L 7			<u>\$ 250,911</u>				<u>\$ 132,274</u>	<u>\$ 87,094</u>	<u>\$ 31,543</u>
9	Percent Payroll To Company	L8 , C8, C9, C10 / C4							<u>52.7%</u>	<u>34.7%</u>	<u>12.6%</u>

Salaries & Wages - Year End 6/10

10	Percent Wage Increase Effective 7/1/09		<u>3.0%</u>								
11	Employee # 1	C 2 , L 1 * L 32	\$ 29.72	2080	\$ 61,818	45%	45%	10%	\$ 27,818	\$ 27,818	\$ 6,182
12	Employee # 2	C 2 , L 2 * L 32	\$ 17.83	2080	37,086	43%	45%	12%	15,947	16,689	4,450
13	Employee # 3	C 2 , L 3 * L 32	\$ 13.85	2080	28,808	45%	40%	15%	12,964	11,523	4,321
14	Employee # 4	C 2 , L 4 * L 32	\$ 13.44	2080	27,955	45%	45%	10%	12,580	12,579	2,796
15	Employee # 5	C 2 , L 5 * L 32	\$ 11.71	2080	24,357	95%	5%	0%	23,139	1,218	-
16	Employee # 6	C 2 , L 6 * L 32	\$ 23.28	2080	48,422	70%	20%	10%	33,895	9,685	4,842
17	Employee # 7	C 2 , L 7 * L 32	\$ 14.42	2080	29,994	33%	34%	33%	9,898	10,198	9,898
18	Employee # 8		\$ 10.00	2080	20,800	45%	40%	15%	9,360	8,320	3,120
19	Total	Sum L 11 to L 18			<u>\$ 279,240</u>				<u>\$ 145,601</u>	<u>\$ 98,030</u>	<u>\$ 35,609</u>
20	Percent Payroll To Company	L819, C8, C9, C10 / C4							<u>52.1%</u>	<u>35.1%</u>	<u>12.8%</u>

Waiola O Molokai
Test Year Ending June 30, 2010

Workpaper WOM 10.1
Application Filed March 2009
Witness O'Brien
Page 2 of 3

Employee Benefit & Payroll Tax Expense

Line #	Description	[1] Factor Or Reference	[2] FICA	[3] FUTA	[4] SUI	[5] Medical	[6] Dental	[7] Work Comp [4]*[5]	[8] TDI [4]*[6]	[9] LTDI [4]*[7]	[10] Group Life	[11] Total
Employee Benefits - Year Ended 6-30-10												
1	RK		\$ 4,729.08	\$ 56.00	\$ 209.30	\$ 10,008.00	\$ 1,140.00	\$ 5,401.35	\$ 340.00	\$ 327.50	\$ 148.36	\$ 22,359.59
2	SR		2,837.08	56.00	209.30	6,672.00	756.00	3,240.39	203.97	196.48	89.01	14,260.22
3	MK		2,203.81	56.00	209.30	10,008.00	372.00	2,517.10	158.44	152.62	69.14	15,746.42
4	CA		2,138.56	56.00	209.30	10,008.00	372.00	2,442.57	153.75	148.10	67.09	15,595.37
5	BJ		1,863.31	56.00	209.30	10,008.00	372.00	2,128.19	133.96	129.04	58.46	14,958.26
6	MR		3,704.28	56.00	209.30	3,336.00	372.00	4,230.87	266.32	256.53	116.21	12,547.52
7	KB		2,294.54	56.00	209.30	10,008.00	-	232.45	164.97	158.90	71.99	13,196.15
8	New		1,591.20	56.00	209.30	10,008.00	756.00	1,817.40	114.40	110.20	49.92	14,712.42
9	Total		<u>\$ 21,362</u>	<u>\$ 448</u>	<u>\$ 1,674</u>	<u>\$ 70,056</u>	<u>\$ 4,140</u>	<u>\$ 22,010</u>	<u>\$ 1,536</u>	<u>\$ 1,479</u>	<u>\$ 670</u>	<u>\$ 123,376</u>

Distribution to WOM

10	RK	45%	2,128	25	94	4,504	513	2,431	153	147	67	10,062
11	SR	45%	1,277	25	94	3,002	340	1,458	92	88	40	6,416
12	MK	40%	882	22	84	4,003	149	1,007	63	61	28	6,299
13	CA	45%	962	25	94	4,504	167	1,099	69	67	30	7,017
14	BJ	5%	93	3	10	500	19	106	7	6	3	747
15	MR	20%	741	11	42	667	74	846	53	51	23	2,508
16	KB	34%	780	19	71	3,403	-	79	56	54	24	4,488
17	New	40%	636	22	84	4,003	302	727	46	44	20	5,884
18	Total		<u>\$ 7,499</u>	<u>\$ 152</u>	<u>\$ 573</u>	<u>\$ 24,586</u>	<u>\$ 1,564</u>	<u>\$ 7,753</u>	<u>\$ 539</u>	<u>\$ 518</u>	<u>\$ 235</u>	<u>\$ 43,419</u>

Walola O Molokai
Test Year Ending June 30, 2010

Employee Benefit & Payroll Tax Expense

Workpaper WOM 10.1
Application Filed March 2009
Witness O'Brien
Page 3 of 3

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Line #	Description	Annual Wages	FICA	FUTA	SUI	Medical	Dental	Work Comp	TDI	LTDI	Group Life	Total
Employee Benefits - Year Ended 6-30-09												
1	Factor, Months or Rate		6.20%	0.80%	1.61%	12	12	1.25	0.0055	6.36	0.24	
2	Rate or Limitation		0.0145	\$ 7,000	\$ 13,000			0.62		0.0833		
3	Rate or Limitation							6.99				
4	Family, per month					\$ 794	\$ 90					
5	Two Insured, per month					\$ 529	\$ 60					
6	One Insured, per month					\$ 265	\$ 30					
7	RK	\$ 60,008	\$ 4,591	\$ 56	\$ 209	\$ 9,528	\$ 1,082	\$ 5,243	\$ 330	\$ 318	\$ 144	\$ 21,501
8	SR	36,005	2,754	56	209	6,352	716	3,146	198	191	86	13,709
9	MK	27,976	2,140	56	209	9,528	358	2,444	154	148	67	15,105
10	CA	27,144	2,077	56	209	9,528	358	2,372	149	144	65	14,958
11	BJ	23,650	1,809	56	209	9,528	358	2,066	130	125	57	14,339
12	MR	47,008	3,596	56	209	3,176	358	4,107	259	249	113	12,123
13	KB	29,120	2,228	56	209	9,528		228	180	154	70	12,831
14	Total	\$ 250,911	\$ 19,195	\$ 392	\$ 1,485	\$ 57,167	\$ 3,230	\$ 19,805	\$ 1,380	\$ 1,329	\$ 602	\$ 104,365
15	Percent increase in Benefits for Test Year Ended 6-30-10					5.0%	5.0%					
Employee Benefits - Year Ended 6-30-10												
16	Factor, Months or Rate		6.20%	0.80%	1.61%	12	12	1.25	0.0055	6.36	0.24	
17	Rate or Limitation		0.0145	\$ 7,000	\$ 13,000			0.62		0.0833		
18	Rate or Limitation							6.99				
19	Family, per month					\$ 834	\$ 95					
20	Two Insured, per month					\$ 556	\$ 63					
21	One Insured, per month					\$ 278	\$ 31					
22	RK	\$ 61,818	\$ 4,729	\$ 56	\$ 209	\$ 10,008	\$ 1,140	\$ 5,401	\$ 340	\$ 328	\$ 148	\$ 22,360
23	SR	37,086	2,837	56	209	6,672	756	3,240	204	196	89	14,260
24	MK	28,808	2,204	56	209	10,008	372	2,517	158	153	69	15,748
25	CA	27,955	2,139	56	209	10,008	372	2,443	154	148	67	15,595
26	BJ	24,357	1,863	56	209	10,008	372	2,128	134	129	58	14,958
27	MR	48,422	3,704	56	209	3,336	372	4,231	266	257	116	12,548
28	KB	29,994	2,295	56	209	10,008		232	165	159	72	13,196
29	New	20,800	1,591	56	209	10,008	756	1,817	114	110	50	14,712
30	Total	\$ 279,240	\$ 21,362	\$ 448	\$ 1,674	\$ 70,056	\$ 4,140	\$ 22,010	\$ 1,538	\$ 1,479	\$ 670	\$ 123,376

WOM Employee Benefits WP by type.xls

ELECTRIC CHARGES

		[1]	[2]	[3]	[4]
Line #	Description	Factor Or Reference	Amount	Sub-Total	Total
<u>Kualapuu Pump</u>					
1	Pro Forma kWh usage		12,000		
2	Total Cost Per kWh		\$ 0.53321		
3	Pro Forma Expense			\$ 6,399	
<u>Kalae Booster Pump</u>					
4	Pro Forma kWh usage		6,000		
5	Total Cost Per kWh		\$ 0.61213		
6	Pro Forma Expense			\$ 3,673	
<u>Kualapuu Reservoir</u>					
7	Pro Forma kWh usage		1,000		
8	Total Cost Per kWh		\$ 0.58444		
9	Pro Forma Expense			\$ 584	
10	Total Pro Forma Electric Expense				\$ 10,656
11	Total Pro Forma Electric Expense		\$ 10,656		
12	Total TY Sales in 000 Gallons		50,000		
13	Total Cost Per kWh			\$ 0.2131	

ELECTRIC CHARGES

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]
Line #	Description	Kualapuu Pump				Kaae Booster Pump				Kualapuu Reservoir				TOTAL		
		# of Days	KWH Usage	Total Charge	Charge Per KWH	# of Days	KWH Usage	Total Charge	Charge Per KWH	# of Days	KWH Usage	Total Charge	Charge Per KWH	KWH Usage	Total Charge	Charge Per KWH
Kualapuu Reservoir																
1	7/25/06	32	1,037	\$ 450	0.4335	32	1	\$ 38	38.1400	32	45	40	0.8922	1,083	\$ 528	0.4874
2	8/24/06	30	1,400	598	0.4272	30	1,530	651	0.4252	30	106	65	0.6119	3,036	1,314	0.4327
3	9/22/06	29	1,491	634	0.4251	29	480	227	0.4720	29	54	44	0.8119	2,025	904	0.4466
4	10/24/06	32	1,432	603	0.4208	32	470	220	0.4682	32	6	27	4.5167	1,908	850	0.4453
5	11/22/06	29	765	333	0.4353	29	220	119	0.5426	29	43	39	0.9056	1,028	491	0.4779
6	12/22/06	30	672	289	0.4307	30	390	182	0.4664	30	5	27	5.4200	1,067	498	0.4671
7	1/23/07	32	954	385	0.4031	32	480	210	0.4374	32	49	40	0.8192	1,483	635	0.4279
8	2/22/07	30	1,217	481	0.3951	30	350	162	0.4625	30	6	27	4.5167	1,573	670	0.4258
9	3/23/07	29	1,260	492	0.3903	29	440	193	0.4393	29	47	39	0.8340	1,747	724	0.4146
10	4/24/07	32	1,282	502	0.3916	32	1,120	443	0.3953	32	6	27	4.5167	2,408	972	0.4036
11	5/23/07	29	1,500	588	0.3923	29	540	233	0.4316	29	90	55	0.6156	2,130	877	0.4117
12	6/22/07	30	638	271	0.4246	30	1,430	566	0.3959	30	5	27	5.4200	2,073	864	0.4168
13	Total 6-30-07		13,648	\$ 5,625	0.4122		7,451	\$ 3,244	0.4353		462	458	0.9914	21,561	\$ 9,327	0.4326
14	7/23/07															
15	8/23/07	30	1,618	674	0.4168	30	700	311	0.4437	30	50	41	0.8200	2,368	1,026	0.4333
16	9/24/07	32	1,767	743	0.4205	32	980	427	0.4355	32	49	42	0.8525	2,796	1,212	0.4333
17	10/27/07	30	1,589	659	0.4150	30	750	629	0.8383	30	49	41	0.8449	2,388	1,330	0.5568
18	11/23/07	30	1,585	661	0.4172	30	720	318	0.4424	30	372	170	0.4557	2,677	1,149	0.4293
19	12/24/07	31	703	323	0.4591	31	530	252	0.4746	31	5	27	5.4680	1,238	602	0.4860
20	1/24/08	31	916	436	0.4762	31	580	289	0.4985	31	5	29	5.7880	1,501	754	0.5025
21	2/25/08	32	1,024	491	0.4793	32	460	240	0.5216	32	457	227	0.4983	1,941	958	0.4933
22	3/25/08	29	1,244	588	0.4726	29	290	164	0.5661	29	187	107	0.5703	1,721	859	0.4990
23	4/22/08	28	1,245	592	0.4752	28	315	178	0.5666	28	40	46	1.1375	1,600	816	0.5098
24	5/23/08	30	1,428	695	0.4869	30	470	253	0.5374	30	6	29	4.8233	1,904	977	0.5131
25	6/24/08	32	1,339	672	0.5022	32	450	249	0.5543	32	34	40	1.1688	1,823	962	0.5275
26	Total 6-30-08		14,458	\$ 6,535	0.4520		6,245	\$ 3,310	0.5300		1,254	798	0.6360	21,957	\$ 10,643	0.4847
27	7/24/08	30	1,414	752	0.5315	30	660	370	0.5601	30	5	29	5.7840	2,079	1,150	0.5532
28	8/25/08	32	1,445	890	0.6181	32	480	292	0.6092	32	188	124	0.6609	2,113	1,307	0.6185
29	9/24/08	30	1,261	729	0.5780	30	650	393	0.6044	30	911	525	0.5758	2,822	1,646	0.5834
30	10/24/08	30	1,139	632	0.5551	30	420	255	0.6071	30	5	29	5.7840	1,584	916	0.5858
31	11/24/08	31	878	471	0.5369	31	360	214	0.5948	31	6	29	4.8200	1,244	714	0.5743
32	12/24/08	30	473	252	0.5332	30	230	141	0.6121	30	187	109	0.5844	890	502	0.5644
33	1/24/09															
34																
35																
36																
37																
38																
39	Total 6-30-09		6,610	\$ 3,727	0.563780		2,800	\$ 1,665	0.594580		1,302	\$ 845	0.648910	10,712	\$ 6,238	0.582180
Pro Forma 6-30-09																
40	Sum 12 months 12-31-08		13,000		0.533210		6,000		0.612130		1,000		0.584440			
41	Pro Forma Expense			\$ 6,932				\$ 3,673				\$ 584			\$ 11,581	
Pro Forma for TY																
42	Usage and Rate		12,000		0.533210		6,000		0.612130		1,000		0.584440			
43	Expense			\$ 6,399				\$ 3,673				\$ 584			\$ 11,581	


VERIFICATION

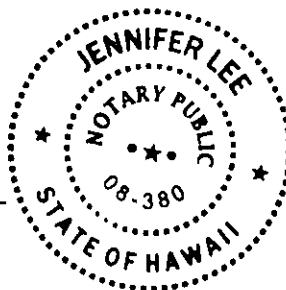
STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

MICHAEL H. LAU, being first duly sworn, deposes and says: That he is an attorney for Applicant in the above proceeding; that the officers of Applicant are not present within the City and County of Honolulu; that he has read the foregoing Amended Application, and knows the contents thereof; and that the same are true of his own knowledge except as to those matters stated on information and belief, and that as to those matters he believes them to be true.


MICHAEL H. LAU

This 1 page Verification to Wai'ola O Moloka'i, Inc.'s Amended Application dated June 29, 2009 was subscribed and sworn to before me on June 29, 2009 in the First Circuit, State of Hawaii by Michael H. Lau.


Notary Public, State of Hawaii
JENNIFER LEE



Printed Name of Notary Public

My commission expires: **AUG 25 2012**

CERTIFICATE OF SERVICE

I hereby certify that on this date, copies of the foregoing document were duly served on the following party, by having said copies delivered as set forth below:

DEPARTMENT OF COMMERCE and CONSUMER AFFAIRS
Division of Consumer Advocacy
335 Merchant Street
Room 326
Honolulu, Hawaii 96813

3 copies
Hand Delivered

Dated: Honolulu, Hawaii, June 29, 2009.



MICHAEL H. LAU
YVONNE Y. IZU
SANDRA L. WILHIDE

Morihara Lau & Fong LLP
Attorneys for Applicant
WAI'OLA O MOLOKA'I, INC.